BUS. ADM.
LIBRARY

SEP 10 1941

DUN'S REVIEW

Published by
DUN & BRADSTREET, INC.
ESTABLISHED 1841

Thirty five cents *August 1941*

This Month's Cover

DUBUQUE, IOWA

Once a center of the State's lead and zinc mining camps, Dubuque is the oldest city in Iowa. It stands on the western shores of the Upper Mississippi, opposite the boundary between Wisconsin and Illinois. Julien Dubuque, French trader, came there in 1788, attracted by reports of lead deposits, and obtained title to 140,000 acres from the Indians. In 1829 miners from Galena, Ill., moved across the Mississippi to settle; but in accordance with an Indian treaty they were ejected by troops under orders from Col. Zachary Taylor. . . . By 1836, after the Black Hawk War, the territory was opened and Dubuque came into existence. The print on this month's cover of "Dun's Review" shows the city as it was in 1853, when lithographed in color by J. Cameron after a drawing by Miss Lucinda Farnham. It is reproduced through courtesy of the Charles B. Pike Collection, Chicago Historical Society. . . . Dubuque today has a population of 42,833, 5.2 per cent above the 1930 figure. Since 1920 there has been a city manager form of government. Manufacturing showed an increase for each of its past three Censuses: in 1935, the products of 69 establishments were valued at $14,500,000; in 1937, 66 plants turned out products worth $20,980,000; in 1939, 72 produced $24,614,900 worth of goods. Wholesaling in Dubuque has also prospered: from sales of $9,809,000 in 1933 to $16,231,000 in 1935; the 1939 figure for 82 firms was $22,980,000. Trade by 599 Dubuque retailers totalled $19,580,000 in 1939. This is $3,000,000 above 1935 and $7,000,000 more than in 1933. The city's manufactures include foundry and metal products, clothing, licorice, meat, and pumps.

FARMING NEAR SAUGERTIES, NEW YORK—PHOTOGRAPH BY CHARLES PHELPS CUSHING

DUN'S REVIEW

August, 1941

Dubuque, Iowa - - - - - - - - Cover

Smoke Writing (Frontispiece) - - - - - 4

Changing the Course of the Stream - - - 5

PRESENT DEMAND FOR MASS PRODUCTION IN THE SHORTEST TIME HAS BROUGHT ABOUT A TRANSITION IN MANAGEMENT

ALVIN E. DODD
President, American Management Association

British War-Time Price Control - - - - - 8

HOW BRITISH PRICE CONTROL AND FOOD RATIONING WORK; MEASURES AND THE COMMODITIES AFFECTED

DR. JULES BACKMAN
Economics Department, New York University

Coral Clasps and Amber Studs - - - - - 18

FASHIONS DURING THE ENGLISH RENAISSANCE AND HOW THEY LED TO THE DEVELOPMENT OF LARGE HOME INDUSTRIES

CHARLES L. GOELLER

The Business Population; Births and Deaths in Industry and Commerce - - - - - 21

BASED UPON LISTINGS IN THE DUN & BRADSTREET REFERENCE BOOK FOR CONTINENTAL UNITED STATES

DOROTHY S. DAVIS *and* WALTER MITCHELL, JR.
Analyst *Director of Surveys*
Research and Statistical Division
DUN & BRADSTREET, INC.

The Business Diary - - - - - - - - 27

The Trend of Business - - - - - - - 28

SHORTAGES ARE MORE AND MORE TROUBLESOME, BUT BUSINESS HAS BROKEN ALL RECORDS THIS SUMMER

Regional Trade Barometers - 30, 32, 34, 35

CHARTS OF CONSUMER BUYING IN 29 REGIONS, COMMENTS BY LOCAL DUN & BRADSTREET OFFICES

Forward Buying Spurs Summer Trade - - 31

Through the Statistician's Eyes - - - - - 36

Significant Business Indicators - - - - 38

Analyzing the Record of Industrial and Commercial Failures - - - - - - 39

Here and There in Business - - - - - 44

Over the Editor's Desk - - - - - - 49

No Further Gain from Delay - - - - - 50

WILLARD L. THORP
Editor, DUN'S REVIEW

Information about subscription rates on page 49. . . . Second cover photograph by Joseph Koppes. . . . Frontispiece by Hoit from Charles Phelps Cushing. . . . Printed in U. S. A.

AL PLANT AT KEARNY, N. J.—PHOTOGRAPH FROM CHARLES PHELPS CUSHING

CHANGING *the* COURSE *of the* STREAM

ALVIN E. DODD
President, American Management Association

Even though management has accomplished a fairly good miracle of production, bigger and better miracles are needed, requiring the team work that comes when everyone is thinking together. Here a man with unusual opportunities for noting what business men are thinking and doing, summarizes the broad problems to be faced. This is one in a series of articles on subjects which are of unusual importance to business.

AT an American Management Association meeting that took place a year ago, a member arose and said: "American industry is in very much the same position as the cow that was caught in an oncoming flood and was faced with drowning or climbing a tree." The conference was somewhat puzzled by this remark, but the speaker went on: "The cow climbed the tree and saved itself. We are all wondering if American industry can do the same thing. We have been talking here about conventional ways of doing things, but the production job that's necessary can't be accomplished by conventional methods. In fact, only the most extraordinarily unconventional methods will accomplish it."

When the speaker made this statement and sat down, there was silence for a moment. Then someone began to applaud, and the whole room took it up. He had said what was in the back of everyone's mind. For the executives in that meeting room were production men, in charge of factories and production operations in industries throughout the United States. They, of all management, could best appreciate the anecdote.

Since a year ago, something has happened to change management; some may call it the end of "business as usual," others may call it "emergency management," but it is a deeper and more subtle change than these phrases suggest; rather, it is the birth of a new spirit

DOWNTOWN NEW YORK—PHOTOGRAPH FROM CHARLES PHELPS CUSHING

and a new philosophy. Indeed, to anyone who is in touch with the current problems of management, it is apparent that management is in the throes of a great and difficult transition.

For many years prior to 1940-1941, management was schooled in the ways of conservatism and conservation as contrasted to the philosophy of dynamic expansion and production that had been our background of years ago. Indeed, a large part of our present-day executive personnel received its training in the deflationary era of the '30's.

But now, almost overnight, this approach to management has changed. Our problem is no longer that of intensively developing markets and producing the proper amount of goods at the lowest possible cost to fill the markets' expected demand. Instead, we are asked to apply our most dynamic techniques to the mass production of all the goods we possibly can, and in the shortest possible time.

As all managers know, this transition is not an easy one. There had been little previous conditioning for the change, so it is not surprising that we are encountering a multitude of difficulties. This is not to say that progress is not being made; rather, we are making more progress than is popularly realized. But we are working under great handicaps, and until we can overcome them, we shall not be able to bring the whole power of American industrial genius to bear upon the task that the defense program presents. In reviewing the work of the various executives in management as it has been reflected in the American Management Association in the past year, one sees these handicaps constantly in one form or another. The more important are:

1. *Management's conservatism.* This is probably the most difficult handicap of all, for it is elusive and persistently evades detection. During recent years, we have developed many "leisurely customs" that are in keeping with peacetime operations but which are not geared to the present situation. Many of these procedures are still with us and are actually retarding our progress. Thus, Mr. Knudsen appeals for the end of the "week-end blackout," and one hears executives complaining about "paper work." Before we can eliminate this handicap, management and labor must acquire a keener sense of the urgency of the rearmament effort.

2. *Shortage of skilled manpower.* This shortage exists both in the ranks of management and in the

ranks of factory workers. Many companies during the depression, because of lack of volume, had to drop their training work, as "extra expense," and the problem now is to apply "forced draft" techniques to the training of "green" people. The defense program continues to call for a greater supply of skilled men than exists, and this demand shows no signs of diminishing. Judging from reports from companies in defense industries, the lack of skilled workers has proved the most difficult problem of expansion. This was especially so in the early stages of the program.

3. *Labor difficulties.* The demand for workers has greatly increased the bargaining power of labor and has provided opportunities for unions to press for wider organization and higher wages. Strikes have been frequent, untimely, and often extremely bitter. Recently announced War Department figures showed that during the first six months of 1941 nearly 2,500,000 man-days were lost in factories engaged in Army contracts and among workers on War Department contract projects.

In recent weeks there has been a heartening decline in the number of strikes, but as yet there is little assurance that the high point in the strike curve has been reached. In coming months we shall unquestionably witness events in the industrial relations field of highly important economic and social significance. Management executives will find it necessary to observe these changes closely.

4. *Shortages in equipment.* In addition to being under-manned when the defense program got under way, industry was also under-equipped. Because of the lean depression years during which there was little need for plant expansion or replacement, the advent of the defense production era of the 1940's found a high degree of obsolescence in American industry. The country has a large and resourceful machine-tool industry, but the "run" that started on the industry eighteen months ago, resulting in $800,000,000 in outstanding orders for machine tools, has created one of the country's most serious bottlenecks.

5. *Our background.* While it is true that during the first World War we produced armaments in vast quantity, much of which never reached the fighting fronts, we returned as quickly as possible when the war was over to the manufacture of peacetime goods. In contrast with the situation in many European countries, there has been no continuity in American munitions production. When World War I was over, our armament plants were scrapped while those in other nations were not: Germany had its Krupp works, England its Vickers, Czechoslovakia its Skoda plants. At the time that the present war broke out, all these had been manufacturing arms at great speed, while we only began our efforts at a comparatively recent date.

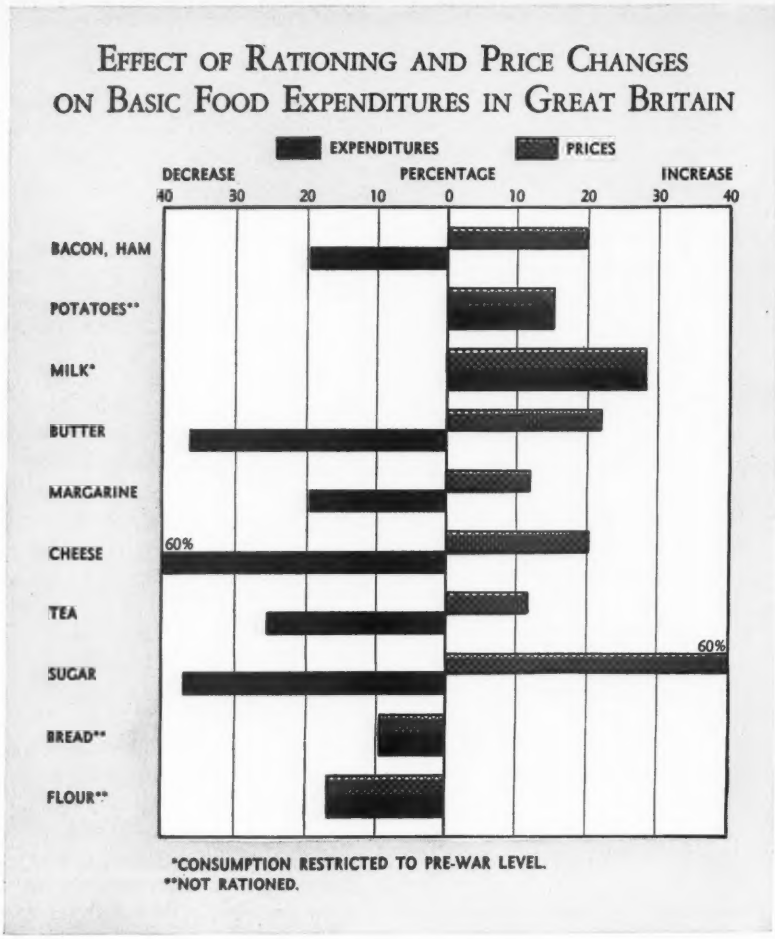
Therefore, the Axis propagandist is right when he calls us manufacturers of washing machines, automobiles, cigarettes, radios, and telephones. Of course, he omits plowshares, tractors, and locomotives. But the essential import of his assertion is correct. Ours has been strictly a consumers' economy, and we know how to make such goods better than any nation on earth. But now skill in peacetime pursuits has lost its importance; it is no longer guns and butter, but simply guns.

What we are really trying to do today is change the course of the mighty American stream of consumers' goods. Few of us, even those in management, appreciate the momentum that this stream has attained, nor can we really appreciate the size of our own industrial system, for it is ramified beyond the comprehension of any one individual and its power is so great that we have never dared to open the floodgates all the way. To change all this is to attempt a truly staggering feat.

History has a favorite trick that it persists in playing again and again. It rarely permits the full import of great events to be appreciated by those living at the time the events occur. It saves the effect for generations that come after those living have passed away. History is again playing that trick. We know that there is a storm over the world and that it is blasting familiar landmarks of the earth into new forms; we know the storm is taking a fearful toll of men's lives and that it is costing much in terms of what men have created and hold priceless. But changes more subtle and more profound are taking place. It is almost impossible for us to estimate the reverberations of the present world struggle. Only this we know: That, whoever wins the war, the world in which contemporary leaders have arisen is passing, and the leaders of tomorrow will rise in a much different world.

Only the most arrant optimist can look forward with any degree of cheerfulness to the future. Implied in all we are now doing is the promise that we are some day going to be "in for it." Yet, as has been impressed repeatedly upon business men by defense officials, management cannot permit its fears for the future to interfere with present progress. The "all-out" spirit of national defense permits of no such reservations.

For managers, themselves, however, there should be comfort in the realization that no matter what the post-war world is like, there will be a place in it for them, because there is always work for management; managers are always needed; their industrial genius can win wars, and it can also enable the country to survive the economic derangements that follow wars. But it seems probable that the greatest challenge that this genius has yet faced is to come when this World War II ends.



BRITISH WAR-TIME PRICE CONTROL

DR. JULES BACKMAN

Economics Department, New York University

THE same day that England declared war on Germany, price controls were established for a large number of products, including copper, lead, zinc, flax, jute, wool, molasses, aluminum, hemp, iron and steel, timber, and rayon. The following day coal, paper, hides, and skins were among the controlled commodities; and in the following week, feeding stuffs, cereals and cereal products, flour, meat, tea, canned salmon, dried fruits, fat stock, fish, sugar, and many others were added.

Unlike the World War, when a long period elapsed before comprehensive controls were put into operation, in the present conflict they became effective immediately, and in many cases exceeded the most rigorous controls used in the closing days of the World War.

About a week before the declaration of war, the Emergency Powers (Defense) Act of 1939 was passed. This Act gave the Government the authority to "make such Regulations . . . as appear . . . to be necessary or expedient for . . . the defense of the realm . . . the efficient prosecution of any war in which His Majesty may be engaged and for maintaining supplies and services essential to the life of the community." However, it was specifically provided that this broad grant did not include the power to impose any form of industrial conscription.

Several days later, there were issued numerous Defense Regulations which specifically gave the various governmental agencies authority "for regulating or prohibiting the production, treatment, keeping, storage, movement, transport, distribution, disposal, acqui-

sition, use, or consumption of articles of any description, and in particular for controlling the prices at which they may be sold" as well as many other powers over industry. Complete control over foreign trade was given to the Board of Trade under the Import, Export, and Customs Powers (Defense) Act (September 1, 1939) and the Import Duties (Emergency Provisions) Act (September 7, 1939).

Although the passage of these laws and the imposition of price control immediately, indicates a great deal of prewar preparedness, subsequent events revealed that the advance preparation was not complete. Two and a half months later (November 16, 1939) the Prices of Goods Act was adopted to prevent profiteering. Prices were to be fixed at the level prevailing August 21, 1939, for many non-food products sold at retail. Advances above that level are permitted only for justifiable increases in costs, including those in: cost of goods, wages and salaries, transport charges, pensions, administrative expense, and so on.

The first Order under this Act was not promulgated until the middle of December and became effective January 1, 1940. The difficulties encountered in organizing the cotton control and in starting the rationing of butter and bacon are additional evidence that preliminary preparations were not complete. However, despite such exceptions it is clear that most business men were subject to comprehensive control right from the opening of hostilities.

Price control activities are undertaken by a number of government agencies in England. The more important of these agencies and the scope of their activities are indicated below.

Control Agencies

The Ministry of Supply controls the prices of industrial raw materials. This Ministry was established about five weeks before the outbreak of the war. Initially, the following fourteen divisions, each under the direction of a controller, were set up in this Ministry: aluminum; alcohol; molasses, and solvents; flax; hemp; cotton; iron and steel; jute; leather; non-ferrous metals; paper; silk and artificial silks; sulphuric acid fertilizers; timber; and wool. In addition to fixing maximum prices, the Ministry of Supply controls supplies, acquires stocks of goods abroad, and establishes priorities. In August, 1940, the aluminum section was transferred to the Ministry of Aircraft Production.

Food products are controlled by the Ministry of Food. This now has a monopoly over the domestic supply of most foods and is the sole importer of all food products. It also handles the rationing of these products. About 1,400 local food committees have been established to aid the work of this Ministry.

Control over retailing—both prices and supplies—as well as over foreign trade is vested in the Board of Trade, which is somewhat comparable to the United States Department of Commerce. Its main instrument of control over foreign trade is the license system. An Export Council encourages the organization of Export Groups to stimulate exports. More than 300 of these Export Groups have been established. The Board of Trade control over retail prices is carried out through a central Price Regulation Committee, which operates through seventeen local Price Regulation Committees.

The Ministry of Agriculture controls all staple agricultural products, which it purchases at relatively high fixed prices in order to stimulate domestic production.

Petroleum, coal, and other fuels are under the jurisdiction of the Department of Mines, which fixes prices and rations those products. Local fuel overseers and local advisory committees aid the Department in its work.

Although special groups were set up early in 1941 to co-ordinate certain broad phases—such as imports and production—of the war effort, no such co-ordination has been provided for the price controls except as a by-product of these other activities. Of course, the various agencies consult with each other in order to avoid overlapping activities. Wage, price, and fiscal policy, however, have not been very effectively co-ordinated.

There is some co-ordination between the Ministry of Supply and the Board of Trade through the twelve Area Boards which carry out the field work of those agencies. These Area Boards, in turn, are in some cases divided into so-called clearing centers which handle the control in a designated part of the area. The London and South Eastern Area, for example, is divided into nine clearing centers.

Price Increases

For most of the commodities, maximum prices were initially based upon the prices prevailing just prior to the war. This practice worked hardship on some business men who relied on foreign sources of supply. Linen producers, for example, found it impossible to do business until upward adjustments in prices were made. But these prices and many others were soon increased to meet changing conditions. Before the end of September, 1939, maximum prices were raised for eggs, sugar, fat stock, and other products. Within two months after the outbreak of war, changes had been made for most leading products, including a 10 per cent rise in iron and steel prices on November 1, 1939. As is indicated below, many prices were subsequently fixed at levels substantially above those prevailing in the pre-war period.

These increases in the initial fixed prices have been permitted for a wide variety of reasons, including: increased shipping costs (wool, molasses, leather, and lumber); increased cost of imported raw materials (steel, wheat, paper, flax); rise in other prices (coal, cement, railway rates, livestock, sulphuric acid); higher cost of distribution (petroleum, milk); reduction in consumption (gas); increase in consumption (coal); increased conversion costs (steel). The apparent paradox

of increased and decreased consumption both being reasons for price advances is explained by the necessity to allocate overhead costs over a smaller number of units in the case of gas and the recourse to less efficient mines as the demand for coal increased in the early days of the war.

The endeavor to obtain additional sources of revenue through taxing imports also resulted in price rises. Thus, an increase in the duty on sugar was followed the next day by a rise in the price of sugar; five days later by an increase in glucose prices; and immediately thereafter by an increase in the maximum price fixed for condensed milk. Beer and tobacco prices were increased as the result of the imposition of high import duties.

Wage-Price Spiral

In a number of industries, increases in prices were permitted because of higher wages. These price advances, in turn, increased the cost of production of other products. For example, the advance in railway rates and coal prices, attributed to higher wages, were among the reasons given for raising the maximum prices for cement and steel scrap. Similarly, the fixed prices for livestock and grain were raised to compensate producers for the increase in costs attending higher wages for farm labor.

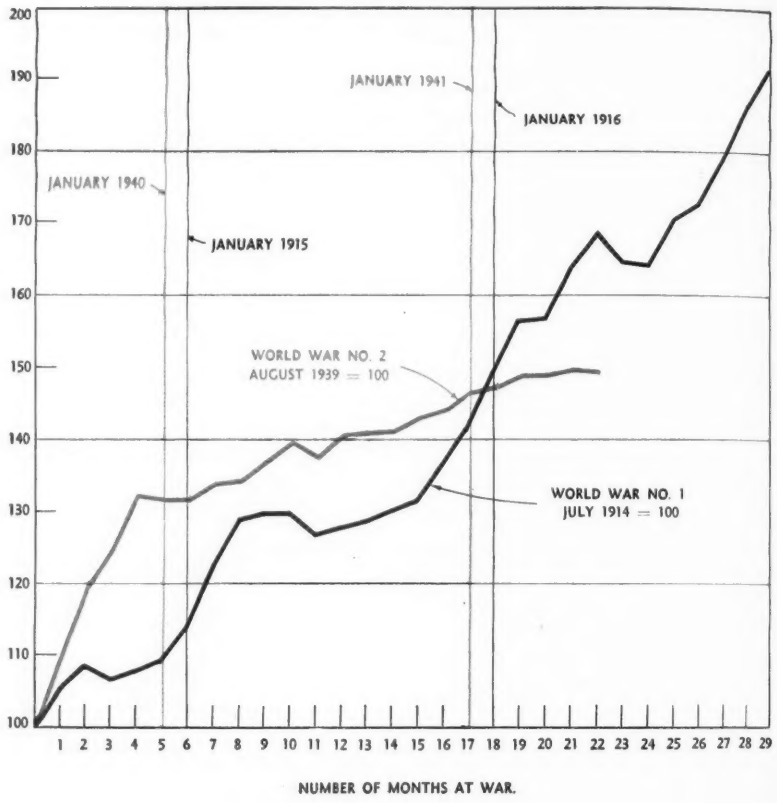
The rise in these prices contributed to increases in the cost of living, in which they are included. Since wages in many industries—for example, textiles, coal, iron, steel—are tied up with the cost of living, increases in that index were made the basis for further increases in wages in those industries and the spiral of wage-price increases completed its turn and started off anew.

England must rely largely upon imports to feed itself and for many of the raw materials needed by its industries. In order to protect its sources of supply, and in some cases to prevent supplies from reaching Germany, large scale purchases have been made abroad. These purchases have also been designed to prevent large increases in the cost of these materials to the British Government. The exportable surplus of wool has been bought from Australia, New Zealand, and South Africa for the duration of the war, plus one additional year's clip, at prices substantially above those prevailing in the 1938-1939 season. Any profit made by the British Government on the resale of this wool is divided with the producers.

Copper, lead, and zinc were acquired from Canada, Rhodesia, Australia, and Burma at pre-war prices initially. Later contracts sometimes provided for slightly higher prices due to increased production costs. Aluminum, bacon, eggs, and cheese were acquired from Canada, tea from India and Ceylon, cotton from Egypt, and cocoa from West Africa. The sharp curtailment in world demand due to the loss of European markets led to the destruction of large amounts of the purchased cocoa in West Africa; limited shipping facilities prevented the diversion of this supply to the United States.

The varied nature of the price controls as well as some of the interesting techniques devised may best be illustrated by a brief consideration of the measures adopted in several areas of business.

British Wholesale Prices: 1914-1916 and 1939-1941



Food Control

The control over food products is very comprehensive. Retailers of foodstuffs must secure licenses from the local food control committee which is set up in each community. Restaurants, hotels, and other establishments selling foods are also subject to control. These local committees have fifteen members of whom five are retailers, while the remainder represent various classes in the

community; two members must be women. It is part of their task to see that the maximum price lists are properly displayed in food stores.

Among the important foodstuffs under control are eggs, meat, herring, sugar, condensed milk, tea, dried fruits, potatoes, cheese, bacon, flour bread, fish, cereals, and canned salmon. In many cases both maximum wholesale and retail prices are fixed. Stocks of these goods as well as their prices are controlled. Consumers must register with their local retailer in connection with the various rationing schemes. To obtain a ration the consumer must give the retailer a detachable coupon from the ration book he receives. The rationed foods include butter, margarine, bacon, ham, meats, sugar, tea, cheese, eggs, and cooking fats.

In an attempt to prevent the prices of certain basic foods from rising too sharply, a subsidy scheme costing about £1,100,000 ($4,400,000) a week, was adopted in December, 1939. Under this scheme, £480,000 is spent weekly to reduce the cost of milling wheat, £235,000 for milk, £320,000 for home grown meat, and £80,000 for bacon.

It has been estimated that as a result of the subsidies, the price of bread was about 1 cent per pound loaf cheaper, and milk was 1⅔ cents a quart less than it would otherwise have been. This subsidy, which has since been increased to £1,600,000, is used to reimburse the Ministry of Food for the trading loss it incurs when it resells to retailers—at prices not high enough to cover its costs—the supplies of those goods which it has accumulated in its rôle as chief food wholesaler of the nation. Since these products are important elements in the cost of living of the lowest income groups, it was hoped that this policy, plus one of stabilizing rents, would stabilize a large part of living costs and hence reduce the pressure for wage increases.

Aluminum

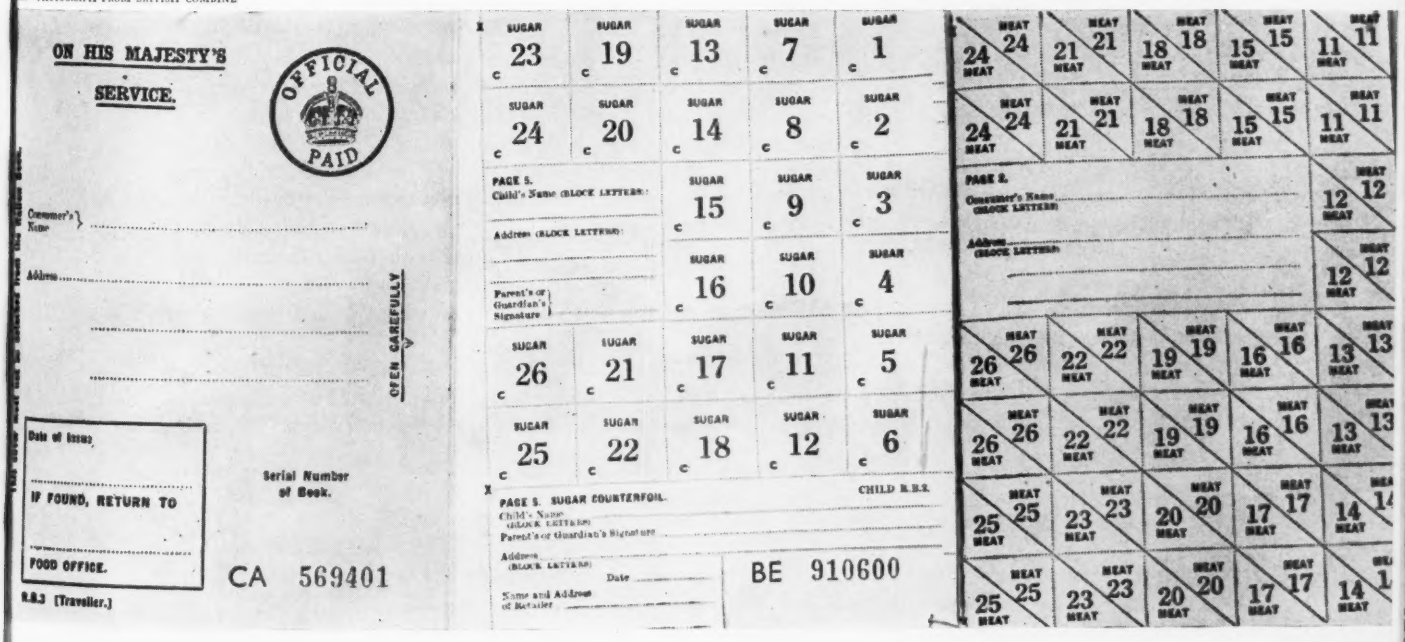
Even in peace time, Great Britain produced only about one-third of its domestic requirements of aluminum. The increase in demand due to the war made it necessary to control this product right from the outset. Maximum prices for aluminum, aluminum alloy, and many types of aluminum scrap were fixed at the pre-war level. Secondary aluminum was fixed at 85 per cent of the value of virgin aluminum and aluminum alloys. The prices of these products, except virgin aluminum, were decontrolled in November, 1939 (scrap prices were again fixed March 4, 1941) but through a license system the Ministry was able to maintain an effective control over them. In addition, all purchases and sales of aluminum had to be made through the Ministry of Supply, and the selling price of virgin aluminum was raised to £110 per long ton (almost 20 cents a pound) or 17 per cent above the pre-war price of £94. No further price change has occurred since that date.

At the beginning of 1940 the Ministry entered into an agreement with the British Aluminum Company to acquire its entire output at £94. The exportable surplus of the Canadian Aluminum Company was also acquired at the pre-war price. Expansion of facilities in both Canada and Great Britain was undertaken.

Civilian use of aluminum was restricted early in the conflict, but it was not until October, 1940, that the sale of aluminum pots and pans to retailers was completely prohibited. The shortage of aluminum led to a scrap collection campaign in the Summer of 1940. This campaign was considered highly successful. A license system for imports and exports rounded out the mechanism of control.

Copper, lead, and zinc were also price fixed at the start of the war. However, the prices of scrap were not brought under control until almost two months later. In England, as in the United States, the uncontrolled prices of these scrap metals rose above the fixed levels of the virgin metal and hence necessitated price fixing. The Ministry of Supply arranged to fill its requirements of these metals from various Empire countries at pre-war prices. Despite these contracts the fixed prices

D—PHOTOGRAPH FROM BRITISH COMBINE



COUPON CLIPPER—PHOTOGRAPH FROM BRITISH COMBINE

were raised sharply in December, 1939; the advance in copper was about 22 per cent while advances for lead and zinc were around 50 per cent. The exact amount of the increase cannot be ascertained because of changes in the bases of the price quotations. No further price change has been made since December, 1939.

In the early days of the control, no provision was made in the maximum price schedule for the payment of commissions to dealers. This difficulty was later adjusted, although the main source of dealers' activity, hedging operations, was prohibited. In addition, no trading in copper, lead, and zinc contracts was permitted on the London Metal Exchange, thus curbing that type of speculative activity. The problem of how to utilize the facilities of small firms was encountered in England as well as in the United States, and it was almost a year before effective use was made of these facilities in Britain.

The price of tin was fixed for only a few months, from September to December, 1939. After the price was decontrolled, it rose from £230 per ton to more than £275, but subsequently it declined. Despite the absence of direct price control, the price of tin has advanced less than prices of the other leading non-ferrous metals and has remained relatively steady at slightly more than 10 per cent above the pre-war level. Trading has been permitted in tin for a brief period each day on the London Metal Exchange. It is one of the few commodities in which trading is still permitted.

The supply of tin has been controlled by the International Tin Committee since 1931 and this control was continued during the war period. The use of tin for many civilian purposes—powder compacts, counter displays, waiters' trays, containers—has been prohibited since July, 1940.

Iron and Steel

Maximum prices were fixed for iron and steel products at the level prevailing in the pre-war period. On November 1, 1939, an over-all increase of 10 per cent in the maximum price schedule was permitted. Subsequently, three additional rises were permitted, so that these prices are now about 45 per cent above the pre-war level. These increases did not accrue directly to the steel companies, but rather are paid into a fund which is used to compensate those producers who had to use a larger proportion of imported raw materials, the prices of which had risen more than domestic materials. In this way, such producers are not placed at a disadvantage since they are reimbursed from the fund. The handling of the distribution of the fund was simplified by the establishment of a central buying scheme for all iron and steel imports in December, 1939.

However, the entire permitted price rise was not due to higher costs for imported raw materials alone. Other factors to which the control authorities gave consideration included increases in wages, freight rates, coal prices, and the cost of air raid precautions.

Savings in the utilization of steel were effected by the adoption of standard specifications. It is estimated that

in the first year of the war the specifications established for tins and cans alone effected a saving of 40,000 tons of steel which could be used for vital war purposes. The sale of private automobiles was discontinued in July, 1940, thus enabling the diversion of many materials, including steel, to the war effort. One result of the prohibition of sales of new cars was the sharp rise in used car values. In May of this year it was reported that one-year-old small cars sold at 22½ per cent above their original cost while two-year-old small cars were being sold at their original cost. A relatively loose system of priorities was instituted at the outset of hostilities, but this was superseded by a very rigid system in April, 1940. This was apparently the first comprehensive priorities system to be adopted in England.

Retailing

Retail trade in non-food products has been subject to two major types of control, the fixing of retail prices to prevent profiteering under the Price of Goods Act (P.O.G.A.) and the limitation of supplies available to domestic consumers. Under the P.O.G.A., the basic prices are those which prevailed on August 21, 1939, but increases are permitted for a large number of reasons.

Since the same product may have been priced differently in various stores or may have been subject to varying increases in costs, the fixed prices were not the same at each outlet. An exception is found in the case of branded goods subject to resale price fixing agreements, which were fixed at the same price for each store.

The first control under this Act went into effect January 1, 1940, and fixed the prices of almost 200 different items, including men's shoes, knitting yarn, women's dresses, kitchen chairs, plates and saucers, pots and pans, glassware, table cutlery. This first order applied only to low-priced goods. Thus, for example, men's shoes selling at or below $4 were price controlled while higher priced shoes were not. It has

COSTUME FOR WORKING: BLOUSE, FIVE COUPONS; OVERALL, NONE—PHOTOGRAPH FROM BRITISH COMBINE

been estimated by H. Gordon Selfridge that this initial control affected "about a third of the items sold in a London department store of medium quality."

Almost six months later, the control was extended to cover many more products and this time it included all grades and prices of the controlled items. That these controls did not prevent price rises is indicated by the advance of 25 cents in an index (including 1,443 items) of British department store prices during the first year of the war; and further increases occurred during the second year. Dissatisfaction with the working of the P.O.G.A. led to a revision in June of this year. The new Act provides for a more rigid control over the prices of consumers' goods and over middlemen's profits.

I. British Commodity Prices, 1939-1941

Selected Groups. August 1939 = 100. From "The Economist"

	December 1939	August 1940	April 1941	May 1941
Cereals and Foods	135	140	145	145
Other Foods	129	133	150	153
Textiles	152	161	167	169
Minerals	118	128	138	138
Total Index	132	140	149	150
Cost of Living	112	121	129	129

To decrease the supply of goods available for civilian consumption, restrictions were placed on the amount or value of the goods which wholesalers or manufacturers could sell to retailers. The first general measure along these lines was made effective for the period June 6 to November 30, 1940, (the supply of textile piece goods and made-up goods had been limited about two months earlier). The permitted supply was curtailed to two-thirds of the value supplied from June 1 to November 30, 1939. Since prices had risen more than 20 per cent in the intervening period, the actual quantity that could be supplied was only slightly more than half that of a year earlier.

This regulation did not mean that each retailer would receive two-thirds but rather that the wholesaler or other distributor could make available that proportion to *all* of his retailers, but the amount he supplied to each was within his own discretion. Thus one retailer might receive the same supply as before the war, while another received only 25 per cent of that total.

The uniform reduction in supplies in the first period was abandoned in the second period, December 1, 1940, to May 31, 1941, when those goods which were considered vital to the war effort or which used raw materials needed for that effort were cut more sharply than others. Thus, the supply of mattresses was limited to two-thirds the value distributed a year earlier while office furniture, electrical appliances, perfumery and toilet preparations, cameras, musical instruments, and many others were reduced to one-fourth the value supplied a year earlier. A slightly better status was given to gloves, trunks and bags, and furniture, which was reduced to 33⅓ per cent. Similar curtailments were made in the third period of control which started June 1, 1941, although a few categories were reduced still further.

The sharp reduction in supplies led to part-time operation and hence to a decrease in the efficiency of production in the plants manufacturing these prod-

THE MORNING SALES PERIOD FOR CIGARETTES AT SELFRIDGE'S—PHOTOGRAPH FROM BRITISH COMBINE

II. CALENDAR OF BRITISH PRICE CONTROL MEASURES

1939

July 13 PARLIAMENT enacts a law providing for a Ministry of Supply.

August 1 MINISTRY of Supply established.

August 24 EMERGENCY Powers Defense Act, 1939, gives the Government extensive powers to prosecute any war and to maintain supplies and services essential to the life of the community.

August 24 EXPORT of many goods prohibited except under license from the Board of Trade.

August 28 DEFENSE Regulations, issued under the Emergency Powers Act, provide for price fixing, controls over consumption, production, stocks, shipping.

August 31 LONDON Metal Exchange will remain closed.

September 1 THE Import, Export, and Customs Powers Defense Act enables control over foreign trade to be exercised through Orders in Council.

September 1 MAXIMUM prices fixed for a large number of important industrial raw materials.

September 2-10 THE list of products for which maximum prices were fixed is extended to many other commodities and to food products.

September 3 IMPORTS of a wide variety of manufactured goods prohibited except under Board of Trade license.

September 4 MINISTRY of Food established.

September 7 THE Import Duties (Emergency Provisions) Act supplements the September 1 Act to enable a more complete control over foreign trade.

October 9 GOVERNMENT will buy all staple crops sold off the farms from 1940 harvest, at fixed prices.

November 16 THE Prices of Goods Act is designed to control retail prices of non-food products and to prevent profiteering.

December SUBSIDY scheme instituted to keep down prices of bread, milk, bacon, and meats and hence the cost of living.

1940

January 1 RETAIL prices of a large number of low-priced goods fixed under the Prices of Goods Act.

January 8 BACON and ham, butter, and sugar rationed to civilians.

February EXPORT Council established to encourage export trade to obtain necessary foreign exchange.

April 16 MANUFACTURERS and wholesalers of cotton, rayon, and linen piece goods, and of made-up goods are required to limit sales to retailers in the first major effort of this type to divert resources from civilian to war uses.

May 22 EMERGENCY Powers (Defense) Act permits the Government to conscript "the whole resources of the community . . . when required for purposes connected with the Defense of the Realm."

June 6 BY the Limitation of Home Supplies Order, the supplies which manufacturers and wholesalers can sell to retailers up to November 30, 1940, are limited to two-thirds of the value sold in the six months of June 1 to November 30, 1939.

June RETAIL prices of an increased number of non-food products are fixed under the Prices of Goods Act. High as well as low-priced goods affected.

July 20 SALES of new private automobiles prohibited.

July CAMPAIGN to collect pots and pans in order to acquire aluminum scrap.

December 1 LIMITATION of Home Supplies Order is made much more drastic; supplies of many products reduced to one-fourth the value of a year earlier. Sale of silk stockings prohibited.

1941

March SCHEME to concentrate industries operating at low capacity proposed by Board of Trade.

April KEYNES plan of forced savings adopted in the new budget for 1941-1942.

June EXTENSIVE system of rationing adopted for clothing, coupons to be required for each purchase. Total coupons allowed for the year, 66.

June A NEW measure is enacted to extend the scope of the Prices of Goods Act; to fix retail prices more rigidly than was possible under that Act; and to control middlemen's profits more effectively.

---

ucts. In March, 1941, therefore, the Board of Trade proposed that the limited production should be concentrated in a few plants working full time to divert labor and facilities to the war effort. After several months this reorganization has still not been completed.

Textiles

Unlike metal prices, all textile prices have not been controlled since the start of the war. Thus, raw cotton prices were not fixed until October, 1940, although spinners' margins had been set in January. It was reported that spinners' margins were fixed "appreciably lower than those prevailing" at that time. Soon after the start of the war, the supply of raw cotton available in England was controlled by the allocation of shipping space for imports. Wool, rayon, and silk prices were fixed early in September, 1939, but silk prices were decontrolled several weeks later, while rayon prices were decontrolled in January, 1940.

It is interesting to note that up to October, 1940, uncontrolled raw cotton prices had advanced 56 per cent above the pre-war level, the exact rise allowed by the authorities for raw wool, the price of which was fixed from the start of the war. The wool control was more comprehensive than that for the other textiles and included not only the fixing of prices, but also the acquisition of foreign supplies and domestic production by the Government, as well as the requisitioning of accumulated inventories.

Textile products were particularly

benefited by the export drive conducted by Great Britain to secure the foreign exchange required to purchase materials abroad. The priority for textile products, as for so many other products, was first war orders, second export trade, and finally domestic consumers. Thus, wool exporters were given extra rations of wool for new export business, and during May, 1940, production of cotton for domestic consumption was prohibited entirely.

While the value of cotton exports increased as compared with the pre-war period, this increase was due to higher prices, since the volume of these exports declined. For rayon, on the other hand, the quantity of yarn exports doubled and that for piece goods increased 47 per cent during the first year of the war; during the second war year, exports have continued to exceed the pre-war level but the excess has been by a smaller amount.

Domestically, rayon has been given a favored position as compared with cotton, wool, and silk, because its production requires the use of less imported materials. The quotas permitted retailers for piece goods and made-up goods have been as follows:

QUOTAS ALLOTTED TEXTILE RETAILERS

	April-Sept., 1940, compared with April-Sept., 1939	Oct., 1940-March, 1941, compared with Oct., 1939-March, 1940	April-Sept., 1941, compared with April-Sept., 1939
	Per Cent	*Per Cent*	*Per Cent*
Rayon	75	66⅔	40
Cotton	75	37½	20
Linen	50	25	20
Silk		25	20
Wool			30

Early in the war, rayon was substituted for silk in many products, including rayon heels and toes for silk hosiery, and with the curtailed supply of silk, substitution has been extended much further.

At the beginning of June, 1941, an extensive system of clothing rationing was instituted. Consumers are given 66 coupons a year. These must be turned over to the retailer whenever articles of clothing are purchased. Each type of clothing is given a coupon value, some of which are illustrated below:

ARTICLE	COUPONS REQUIRED
Man's suit	28
Woman's dress	11
Man's shirt	8
Slacks	8
Apron	3
Pair of stockings	2
Dressing gown	8
Adult's bathing suit	4
Child's bathing suit	3

These coupon values apply regardless of the quality or price of the product purchased. A similar system was adopted in Germany in November, 1939.

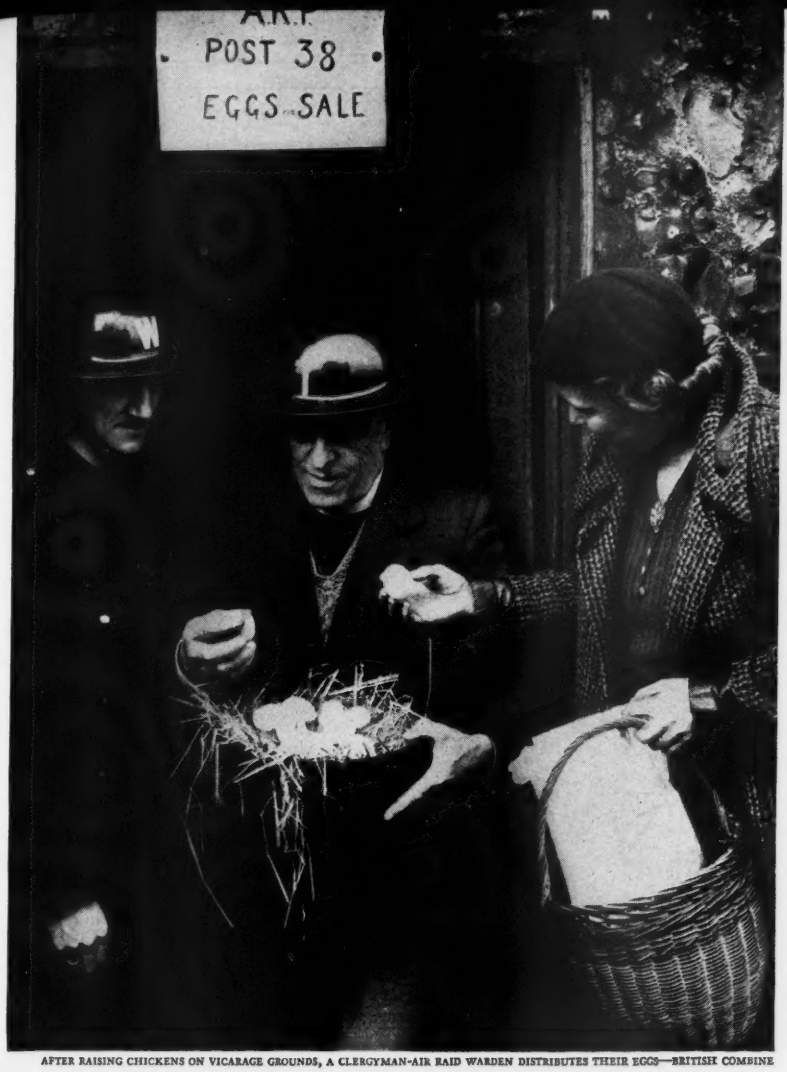
Price Movements

During the first 22 months of the present war, British wholesale prices advanced almost 50 per cent as measured by the index of *The Economist*, London, and slightly more according to the index of the Board of Trade. As the chart on page 10 indicates, the price rise during the present war has been less than that which occurred during the same period in the first World War.

It should be recalled that there were no price controls of any consequence during that period in the first war while, as we have seen above, control this time was instituted immediately on a very comprehensive scale. In the first four months of the current conflict a rise of 32 per cent occurred and was followed by a further advance of only 17 per cent in the following eighteen months.

Among the factors playing an important rôle in this early rise were the

RATIONING ADDS A NEW FACTOR TO PRICE TAGS—PHOTOGRAPH FROM BRITISH COMBINE



AFTER RAISING CHICKENS ON VICARAGE GROUNDS, A CLERGYMAN-AIR RAID WARDEN DISTRIBUTES THEIR EGGS—BRITISH COMBINE

decline of 14 per cent in the official rate for sterling (unofficially the decline was much greater), the sharp increase in shipping costs, and the rise in world prices as evidenced by the increase of 25 per cent in the United States Bureau of Labor Statistics index of 28 sensitive commodities. These forces all increased the cost of imports upon which Great Britain must rely to a large extent.

During the World War, on the other hand, the price index increased less than 8 per cent in the first four months, but advanced more than 60 per cent further in the following eighteen months. Whereas the price rise gained a sharp momentum in the second year of the World War, it was at a considerably slower rate in the second year of the current conflict, thus indicating the retarding influence of the price controls.

Under conditions of decreasing available civilian supplies and at a time when civilian purchasing power is increasing, further sharp price rises can be averted only if the government takes away a substantial part of this extra purchasing power through the taxing mechanism, through the sale of securities to the public or through some plan of forced borrowing. It is by the effective use of some combination of these methods that inflationary price rises can be limited. During the first year and a half of the war, reliance was placed largely on the first two methods. In the fiscal year April 1, 1940, to March 31, 1941, the British Government spent about $15,500,000,000, of which only slightly more than $5,500,000,000 were raised through taxation. The deficit of almost $10,000,000,000 was financed about equally by the sale of War Loans or Savings Certificates to the public and by an increase in the floating debt.

A plan originated by John Maynard Keynes, economist, introduced in the 1941-1942 budget, provides for forced lending to the government and is designed to reduce the "free" purchasing power, postponing its utilization until after the war. It increases the income tax paid and provides that a part of the increase shall be returned to taxpayers in the post-war period, thus tending to cushion the post-war decline. To the extent that this scheme increases substantially the amount of purchasing power diverted from civilian goods, it will be a potent factor reducing the pressure for higher prices and thus will considerably ease the task of the control authorities.

From all the above it seems apparent that the British Govenment has devised a wide variety of techniques to keep prices from rising too sharply. It is clear, however, that price control has not prevented rising prices, although it undoubtedly has kept these rises to within narrower limits than would have been the case in the absence of such control.

A major and unavoidable reason for part of the price advances permitted is found in the dependence upon imports, the costs of which have risen sharply. However, an additional contributing factor has been the wage-price spiral in evidence for some time. The rises in the prices of many domestically produced products, such as coal, can be attributed to this latter factor.

As the second year of the war draws to its close, the British Government is taking stronger measures to limit the further rise in retail prices, which would be anticipated as a result of the deep cut in available new civilian supplies. The Keynes plan to curtail consumers' purchasing power should modify one of the most important pressures leading to higher prices and is expected to be an important contribution toward price stability.

The Passionate Shepherd—Christopher Marlowe

CORAL CLASPS *and* AMBER STUDS

CHARLES L. GOELLER

THE fascination of the English Renaissance, that period of romance and color, is nowhere better depicted than in the records preserved for us of the fashions and finery of the times. Illuminated manuscripts and mural paintings, monumental brasses and tomb effigies, paintings by Van der Goes, Holbein, Zucchero, and other artists are numerous and no doubt accurate in showing the dress of wealthy and powerful classes. The materials used are carefully described in wills, inventories, and the Sumptuary Laws of the Realm.

Dress of the lower classes is less known, however, except for information in the Sumptuary Laws. From

the reign of Edward II to that of Elizabeth, all kinds of legal acts regulated the wearing of garments and personal adornment. They were made on technical grounds that excessive adornment was to the displeasure of God and impoverishing to the realm.

"Thacte of Apparell" instituted in the seventh year of Henry VIII's reign, (1515-1516), is probably the most comprehensive, and begins, "Forasmoche as the grette and costeley arrey and apparell usid wythin this realm, contrarye to good statute thereof made, hath ben the occasyon of grette impoverysshing of dyvers of the King's Subjects and provokyd dyvers of them to robbe and to do extorcyon and other unlaufull dedys to maynteyn their costeley arrey . . ."

These laws are exceptionally instructive, mentioning not only the materials, but giving precise measurements to which clothing of each class was subject. Materials and styles were regulated according to the wealth of the wearer, creating a natural adjustment whereby a caste-ridden period could distinguish its various classes of society by difference in costume.

Forbidden Garments

The rash promises of the Passionate Shepherd can be understood on realizing that most of the garments he mentions were legally withheld from him. An embroidered kirtle, or any embroidered cloth, would have been precluded to anyone ranking lower than an heir to a Knight of the Garter. Golden buckles would have been impossible, the law stating that "ytt ys provyded that no man under the degrees above named, (officers and servants of the royal household), except the sonnes & heires apparant of Knyghts and also except gentylmen havyng lands or fees of the yerely valewe of CC marcs over all charges were or use any cheyne or colar of gold or gylte or any gold about his necke or in their brateletts, upon payn of forfeyture of the same."

Although shoe buckles are not specifically mentioned, they would have been forbidden, not only from the standpoint of material, but as an imported article. It seems that they were never made in England, even during the reign of Charles II, which was the height of their popularity, and were consequently a luxury. Their rarity was further enhanced by Elizabeth's law of 1562-1563 prohibiting vendors of foreign apparel from selling their wares to anyone having a yearly income of less than 3,000 pounds.

A woolen gown also might have been out of the question, as severe restrictions were placed on the quantity of cloth used in a garment and the quality of the garment worn, the cost being precisely defined.

With the lower classes limited to home-made materials, there was a monotony to every-day clothing; even the Passionate Shepherd's "belt of straw and ivy buds" would have been an innovation. It is true that straw weaving had been practised for centuries, but it was unknown in England until about the middle of the sixteenth century, when Mary Tudor brought straw plaiters from Lorraine to instruct her subjects. The art seems to have made headway, but it is doubtful that the cost of the product would have been allowed the Passionate Shepherd. Nor is it probable that he could have coral clasps and amber studs even though they were permitted the lower classes.

At this time clasps, or brooches, and studs were gradually replacing drawstrings as garment fastenings and could be used by anyone if made of appropriate materials. The wills of merchants' wives mention coral clasps, which evidently were the nearest approach to more restricted jewelry. Studs seem to have been more generally used, however, because of their greater simplicity and ease of manufacture. They were similar to the studs of today, except perhaps larger, and were used in the same way. The edges of cloth to be fastened had corresponding eyelets through which the stud fitted, and so the stud or set could be worn with other costumes.

Buttons

Buttons, as we think of them, appear to have been almost unknown. The monumental brass of Richard Martyn, 1402, Dartford, Kent, shows a mantle fastened over the right shoulder by three buttons, and the tomb effigy of Lady Thornhurst, 1609, Canterbury Cathedral, has sleeves fastened with six buttons at the wrist. But these are isolated cases and even so might represent the decorated heads of studs. Buttons mentioned during the English Renaissance usually refer to decorative knobs or medallions used purely as ornament, attached either directly to the clothing or to the exposed heads of studs.

In both buttons and studs craftsmanship was carried to extremes, as is evident from the writings of Benvenuto Cellini and from actual examples.

The drawstrings previously used in clothing as well as the cords used in

From The Passionate Shepherd

CHRISTOPHER MARLOWE, 1564-1593

A gown made of the finest wool,
Which from our pretty lambs we pull,
Fair lined slippers for the cold,
With buckles of the purest gold.

A belt of straw and ivy buds,
With coral clasps and amber studs:
And if these pleasures may thee move,
Come live with me and be my Love.

. . . .

braiding hair were known as "laces," and making them was considered somewhat of an art. One old manuscript gives long and explicit directions for various methods of twisting laces with different numbers of strands. The manuscript opens with an illuminated capital letter containing the figure of a woman making a lace. It tells how to make "lace bascon," "lace indented," "lace bordered," "lace covert," "a brode lace," "a round lace," "a thynne lace," "an open lace," and "lace of hattys." Directions are given for plaiting threads in combinations of twos, threes, fours, or even tens and fifteens.

Origin of Lace

What is now called "lace" was then known as "cut work," "purls," and "points." Its earliest form was the "cutwork" of stiff geometrical designs of circles, triangles, and wheels cut into fine linen. Originating in the Ionian Islands, it found its way to Italy under the name of "reticilla" and had spread throughout Europe for use primarily in collars, cuffs, and headdresses. Combined with the starching developed in Holland, it ultimately appears as the wide ruffs, exaggerated collars, and fantastic headdresses with which we are familiar from illustrations of Elizabethan persons.

Ruffs, collars, and headdresses appear in various shapes and styles with apparently no chronological development or sequence. Different designs seem to have been more or less contemporaneous, following only the whim or fancy of the individual wearer.

In the meantime "fillet" lace originated in Italy as an imitation of the earlier cutwork. It was made by darning patterns on netting as it is still made today, and was often worn with edges of small loops, or "purls," of the original twisted laces.

"Point" and "bobbin" laces also appeared in Italy during the sixteenth century. They spread to Germany and from there to the Netherlands, where weavers made them in quantities. Lacemaking was brought to England by Flemish refugees from the Spanish inquisition who settled at Honiton, in Devonshire, and developed "Honiton" lace. Local peasants copied it, producing what they called "bone" lace, a name derived from the bone bobbins used in its weaving.

England never became a great lacemaking country, however, as the quality of English flax is poor in comparison with that of the continent. But continental laces were bought by the wealthy English and, following the fashions set by Henry VIII and Elizabeth, lace became an almost necessary part of English costume throughout the sixteenth and seventeenth centuries.

The excessive wearing of lace was responsible for a tremendous increase in the use of wire pins. Heretofore, costume had been such that a crude skewer of wood, bone, or metal was satisfactory for temporary fastening, and the demand for wire pins had been slight. Furthermore they were expensive, as their manufacture was a complicated process. Fine brass wire was wound on a spindle the circumference of the pin's shank and then cut into lengths of two spirals each. An end of the shank was then fitted into a spiral and the two parts soldered together.

A statute of 1483 forbade the importation of pins from abroad. But the use of lace called for more and better pins, and people started to get them from the continent in spite of the restriction. There is record of Catherine Howard's receiving pins from France in 1540.

The pin law was enforced only to have local manufacturers take advantage of the embargo and produce pins of poor quality. Iron wire was often used with only one turn of the spiral for the head. Soldering was badly done, if at all. The resulting products were so bad that in 1543 a parliamentary act provided "that no person shall put on sale any pinnes but only such as shall be double-headed and have the heads soldered fast to the shank of the pinnes, well smoothed, well shapen, the point well and roundly filed, canted and sharpened."

This law had a good effect and the quality of English pins improved. So did demand, and in 1626 John Tilsby started a factory in Gloucestershire which flourished and soon employed about 1,500 people. In 1636 the pinmakers of London formed a corporation, establishing works at Bristol and Birmingham, which finally became the centers of English pin manufacturing.

The stocking loom was invented in 1589 by William Lee who got no help in England and took the machine to France. There he began a business under the patronage of Henry IV, but it collapsed when King Henry was assassinated in 1610. The inventor himself died shortly afterward. His workmen brought the machinery back to England where they succeeded in founding a permanent organization in Nottinghamshire.

Ban on Elegance

Like pinmaking and stocking-weaving, other manufactures started to grow, scattering lively industrial villages throughout the countryside. Following the Rebellion, the dictatorship of Cromwell put an end to public taste for elegance in dress. Clothing became extremely plain and was usually a dull brown or black; embroideries, lace, and ornamental accessories disappeared. But this had no effect on local manufactures, nor would it have been well for the Commonwealth if it had done so. The large proportion of the middle class was becoming prosperous through the growth of manufacturing towns. These people were Cromwell's main supporters. Moreover, traces of elegance still remained among a favored few, and it is a bit ironical that after Cromwell's death, his body lay in state draped in superb Flemish point.

The English Renaissance fashions had made a lasting impression on English taste. Their influence lingered. Although the fashions themselves had been withheld from the poorer people, they eventually aided the development of home industries that helped a lower middle class to establish itself.

THE BUSINESS POPULATION

BIRTHS *and* DEATHS *in* INDUSTRY *and* COMMERCE

DOROTHY S. DAVIS *and* WALTER MITCHELL, JR.

Analyst — *Director of Surveys*

Research and Statistical Division, DUN & BRADSTREET, INC.

DRIVING over this vast country of ours, through town, city, and countryside, one sees here a building rising to house a new business, there a busy factory, further on an idle plant with chimneys cold. People pour in and out of the doors of Jones & Co., but in the windows of the store next door, last month's display of goods has given way to a "For Rent" sign. Birth, active life, and death are as much a part of the history of business enterprise as they are of the human race. The rule of chance never changes. How can this sense of mobility—even instability—be translated into actual facts concerning American business as a whole?

Within the covers of the DUN & BRADSTREET Reference Books lies the raw material in the form of current information about more than 2,000,000 American business enterprises. Each successive book, at two-month intervals, contains about 200,000 changes since the previous issue. The total of changes made during 1940 was 1,220,000.

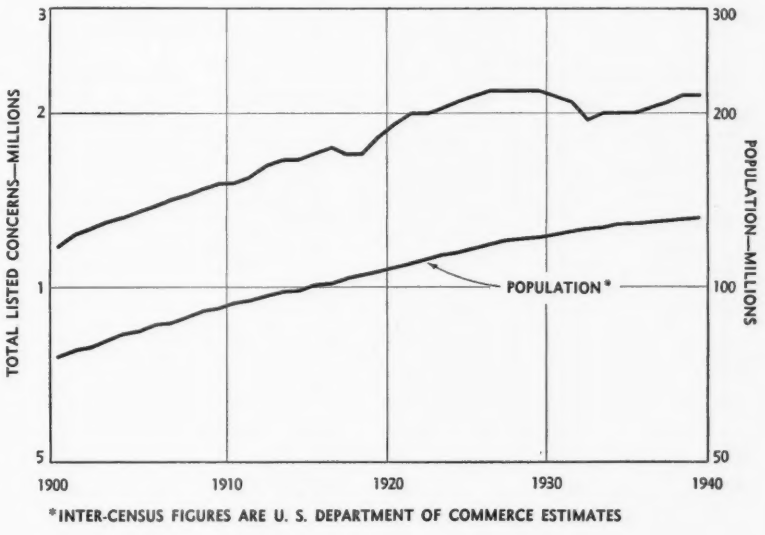
These changes are of four major varieties (the numbers are for 1940):

Names Inserted (new enterprises)	381,000
Names Obliterated (discontinuances)	337,000
Changes in Ratings (upward and downward)	427,000
Changes in Styles (altered names)	75,000

The first three classes are by far the most numerous, and also the most significant as indicators of the continuous state of flux which characterizes business enterprise. The table of "Vital

BUSINESS POPULATION COMPARED WITH HUMAN POPULATION

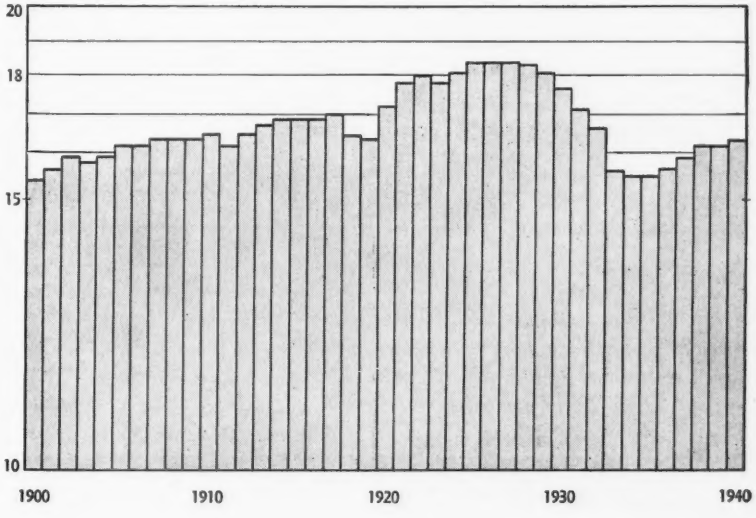
The vertical scale is logarithmic



*INTER-CENSUS FIGURES ARE U. S. DEPARTMENT OF COMMERCE ESTIMATES

COMMERCIAL AND INDUSTRIAL ENTERPRISES PER 1,000 PERSONS

The vertical scale is logarithmic



Vital Statistics of Industry and Commerce

Based Upon Listings in the Dun & Bradstreet Reference Book for Continental United States

Numbers in thousands

		New Enterprises		Discontinued Enterprises			Rating Changes		Style Changes		Total Reference Book Changes	
Year	Total Listed Concerns	Number	Per Cent of Total Listed	Number	Per Cent of Total Listed	Net Change	Number	Per Cent of Total Listed	Number	Per Cent of Total Listed	Number	Per Cent of Total Listed
	Column 1	2	2 ÷ 1	3	3 ÷ 1	2 − 3	4	4 ÷ 1	5	5 ÷ 1	6 (2,3,4,5)	6 ÷ 1
1900	1,174	272	23.1	248	21.2	+ 23	200*	17.0	60*	5.0	780*	66.4
1901	1,219	286	23.5	248	20.3	+ 39	202	16.6	61	5.0	797	65.4
1902	1,253	304	24.3	265	21.1	+ 39	199	15.9	66	5.3	834	66.6
1903	1,281	305	23.8	272	21.2	+ 33	220	17.2	63	4.9	860	67.1
1904	1,320	308	23.3	268	20.3	+ 40	237	18.0	73	5.5	886	67.1
1905	1,357	329	24.2	287	21.1	+ 42	234	17.2	69	5.2	919	67.7
1906	1,393	334	24.0	299	21.5	+ 35	258*	18.5	70*	5.0	961*	69.0
1907	1,418	339	23.9	302	21.3	+ 37	270	19.0	71	5.1	982	69.3
1908	1,448	351	24.2	325	22.5	+ 26	272	18.8	68	4.6	1,016	70.1
1909	1,486	360	24.2	331	22.2	+ 29	272	18.3	70	4.8	1,033	69.5
1900-1909 (Average)	1,335	319	23.9	285	21.3	+ 34	236	17.7	67	5.1	907	67.9
1910	1,515	358	23.6	348	23.0	+ 10	263	17.4	75	4.9	1,044	68.9
1911	1,525	365	23.9	326	21.4	+ 39	280	18.4	66	4.3	1,037	68.0
1912	1,564	369	23.6	316	20.2	+ 52	289	18.5	67	4.3	1,041	66.6
1913	1,617	387	23.9	348	21.5	+ 39	292	18.1	84	5.2	1,111	68.7
1914	1,655	388	23.5	369	22.2	+ 19	314	19.0	100	6.1	1,171	70.8
1915	1,675	380	22.7	347	20.7	+ 33	312	18.6	95	5.7	1,134	67.7
1916	1,708	369	21.6	344	20.2	+ 26	307	18.0	100	5.8	1,120	65.6
1917	1,733	361	20.8	385	22.2	− 24	311	17.9	101	5.9	1,158	66.8
1918	1,708	307	18.0	305	17.8	+ 3	295	17.3	89	5.2	996	58.3
1919	1,711	308	18.0	197	11.5	+111	285	16.7	90	5.2	880	51.4
1910-1919 (Average)	1,641	359	21.9	329	20.0	+ 30	295	18.0	87	5.3	1,069	65.2
1920	1,821	459	25.2	353	19.3	+105	346	19.0	95	5.3	1,253	68.8
1921	1,927	483	25.1	427	22.2	+ 56	397	20.6	102	5.2	1,409	73.1
1922	1,983	491	24.8	478	24.0	+ 13	409	20.6	111	5.7	1,489	75.1
1923	1,996	469	23.5	417	20.9	+ 51	401	20.1	124	6.2	1,411	70.7
1924	2,047	477	23.3	411	20.0	+ 66	425	20.8	113	5.6	1,426	69.7
1925	2,113	496	23.5	451	21.3	+ 45	431	20.4	118	5.6	1,496	70.8
1926	2,158	484	22.4	471	21.8	+ 13	433	20.1	119	5.5	1,507	69.8
1927	2,172	483	22.2	456	20.9	+ 27	446	20.5	131	6.2	1,516	69.8
1928	2,199	476	21.7	463	21.0	+ 14	433	19.7	138	6.3	1,510	68.7
1929	2,213	453	20.5	483	21.7	− 30	426	19.2	150	6.9	1,512	68.3
1920-1929 (Average)	2,063	477	23.1	441	21.4	+ 36	415	20.1	120	5.8	1,453	70.4
1930	2,183	423	19.4	481	21.9	− 58	421	19.3	126	5.9	1,451	66.5
1931	2,125	355	16.7	404	18.9	− 49	407	19.2	114	5.4	1,280	60.2
1932	2,077	338	16.3	454	21.9	−116	450	21.7	135	6.4	1,377	66.3
1933	1,961	345	17.6	332	16.9	+ 13	450	22.9	135	7.0	1,262	64.4
1934	1,974	379	19.2	361	18.3	+ 18	468	23.7	199	10.1	1,407	71.3
1935	1,983	386	19.5	380	19.2	+ 6	479	24.2	196	9.8	1,441	72.7
1936	2,010	408	20.3	382	19.0	+ 26	453	22.5	122	6.1	1,365	67.9
1937	2,057	400	19.4	351	17.1	+ 49	438	21.3	79	3.8	1,268	61.6
1938	2,102	388	18.5	365	17.4	+ 23	440	20.9	77	3.6	1,270	60.4
1939	2,116	376	17.8	349	16.5	+ 27	416	19.7	77	3.4	1,218	57.6
1930-1939 (Average)	2,059	380	18.4	386	18.7	− 6	442	21.5	126	6.1	1,334	64.8
1900-1939 (Average)	1,774	384	21.6	360	20.3	+ 24	347	19.6	100	5.6	1,191	67.1
1940	2,156	381	17.7	337	15.7	+ 44	427	19.8	75	3.4	1,220	56.6

* These figures are estimates.

Analysis of New and Discontinued Enterprises

Number of concerns in thousands

Year	Total Listed Concerns	Successions				New Enterprises			Discontinued Enterprises		
				Total Successions			Net New			Net Discontinued	
		Old Ownership Retained	Old Ownership Eliminated	Number	Per Cent of Total Listed	New	Number	Per Cent of Total Listed	Total	Number	Per Cent of Total Listed
	Column 1	2	3	4 (2 + 3)	4 ÷ 1	5	6 (5 − 4)	6 ÷ 1	7	8 (7 − 4)	8 ÷ 1
1934	1,974	49	106	155	7.9	379	224	11.3	361	206	10.4
1935	1,983	50	104	154	7.8	386	232	11.7	380	226	11.4
1936	2,010	53	106	159	7.9	408	249	12.4	382	223	11.1
1937	2,057	52	112	164	8.0	400	236	11.5	351	187	9.1
1938	2,102	47	116	163	7.8	388	225	10.7	365	202	9.6
1939	2,116	45	113	158	7.5	376	218	10.3	349	191	9.0
1940	2,156	46	114	160	7.4	381	221	10.3	337	177	8.2

Definitions and Terms Used in the Vital Statistics Table

Total Listed Concerns

Total number of business enterprises listed for the Continental United States in each July number of the Dun & Bradstreet Reference Book. These listings include all types of businesses which are seekers of commercial credit in the accepted sense of the term; namely, manufacturers, wholesalers, retailers, building contractors, and certain types of commercial service, including public utilities, water carriers, motor carriers, and air lines. Branches are listed when they act as separate buying units, but retail store units of chain organizations are not separately listed.

This count by no means covers all the business enterprises of the country, but the basis of coverage throughout the period is sufficiently consistent to be a valid history of industry and commerce. Specific types of business not listed are: financial enterprises including banks, mortgage, loan, and investment companies; insurance, and real estate companies; railroads; terminals; amusements; and many small one-man services. Neither the professions nor farmers are included.

New Enterprises

Total names added to the six Reference Books published during each year. A concern is listed in the Reference Book as a new enterprise when the first credit report on it is written. While a majority of the names thus added will be strictly new concerns, it is possible for a period of time to elapse between the establishment of a business and the first request for a credit report. A mere change in name with no accompanying change in internal organization is not included, nor is a move from one location to another within the same community. A removal to another community causes a new listing, but such cases are relatively few.

A change in ownership or legal form of organization is recorded at the same time as both a new enterprise and as a discontinuance, and is known as a "succession." Thus a substantial group of concerns among the "new enterprises" have led a continuous existence as active business units yet they are new enterprises from the viewpoint of credit reappraisal. True "business births" are, therefore, better represented by Net New Enterprises (total new minus the successions).

Successions

A change in ownership or legal form of organization constitutes a succession, that is, a business unit which continues its existence, although for credit purposes it is the discontinuance of an old concern and the establishment of a new one, since financial responsibility has changed and new credit relations have to be established.

These successions appear in equal numbers in the count of both new and discontinued enterprises and should be subtracted from each to arrive at either Net New Concerns or Net Discontinuances. The record distinguishes between those which do and do not retain the old ownership.

An actual count of the successions in the Reference Books was made during the years 1936 to 1939. Since the ratios of both types of successions to total new enterprises remained practically unchanged during those four years, the series was projected backward to 1934 and has been continued forward through 1940 on the basis of the ratios in the sample period. It is not likely that the number of successions can be estimated for subsequent years, because of rapidly changing conditions in the business world.

Discontinued Enterprises

Total names removed from the six Reference Books published during each calendar year. They include the majority of cases in the bankruptcy courts, voluntary liquidations in which there is no indication of loss to creditors, and all changes in ownership and legal form of organization, plus moves to another community. Mere changes in name or trade style or changes in location within the same community are not included.

Any change in ownership or legal form of organization is listed both as a discontinuance and a new enterprise. These successions represent within total discontinuances a large group of business units which have had a continuous existence. Net discontinuances (total discontinuances minus successions) more truly constitute actual disappearances.

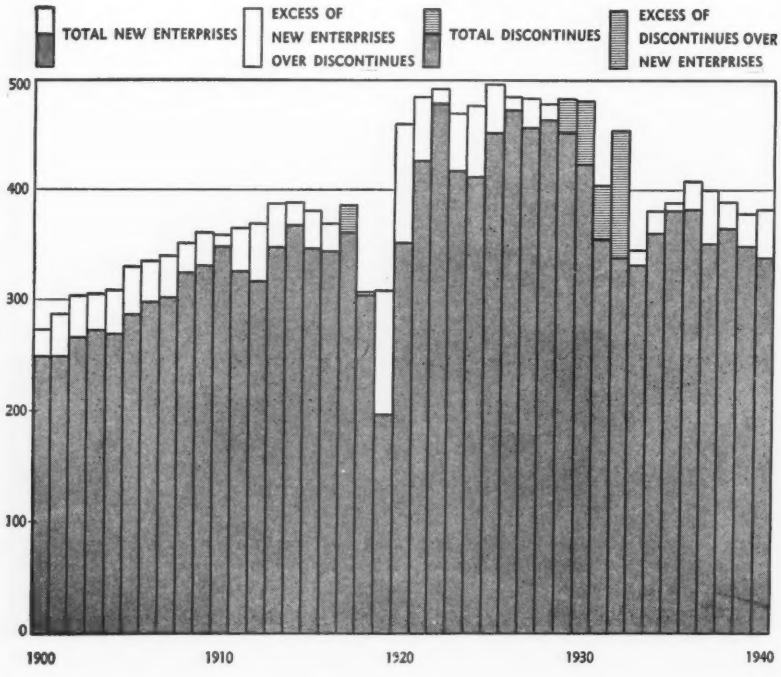
Rating Changes

Changes in rating either upward or downward; the assignment of a rating when none existed before, although the name was listed; the suspension of a rating, although the name remains in the book.

Style Changes

Changes in the business name with no accompanying change in internal organization.

NEW AND DISCONTINUED ENTERPRISES, 1900-1940



Statistics," presented here, brings together on an annual basis the total changes which have taken place over a period of 40 years, a unique record of the development of American business.

This record is based, however, on data assembled primarily for credit rating purposes and yields statistics only as a by-product. The definitions of the terms used in the table should be carefully studied that its limitations may be recognized. These definitions point out that this is not a complete record of all business enterprises; that it is interesting and valuable and probably representative.

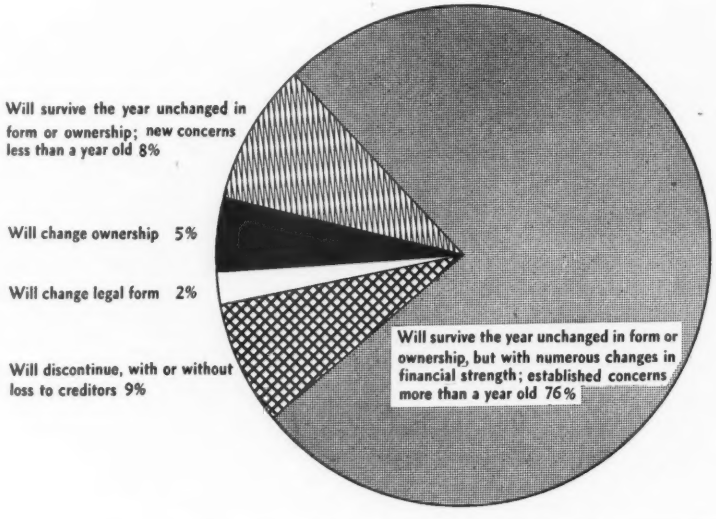
In spite of the rapid growth of large-scale organizations both in manufacturing and distribution, especially the chain-store system, the total number of independent industrial and commercial enterprises in the country has kept pace with the growth in population. Since 1900, annual increases in the number of business units at a faster pace than the growth in population have been checked, first during the first World War, and again during the depression of the thirties.

A ratio of about sixteen enterprises to every 1,000 population, or one unit to every 62 persons, is about typical for this 40-year record. During the decade from 1920 to 1930 when per capita national income was high, the number of concerns in business increased rapidly to supply the growing demand of a public with ready money. A peak was reached in 1929, when 2,213,000 concerns were listed. In the four lean years which followed, the "business population" decreased annually, until by 1933 the ratio had fallen below the 40-year typical figure. Since 1933, however, there has been a yearly increase in listings. During 1938 the typical ratio was reached once more and was maintained through 1939 and 1940.

The trend of total listed concerns from year to year is determined by the relationship between new and discontinued enterprises. The accompanying chart shows how the excess of business births over deaths, which existed between 1900 and 1916, was upset by the effects of the European War. Army recruiting thinned the ranks of entrepreneurs while plentiful jobs at high wages probably persuaded many a small shopkeeper to close his business. Discontinuances exceeded new businesses in 1917 and relatively few concerns started up in 1918 and 1919. While these statements are based on total discontinuances, which include a large number of successions (see definitions) it is safe to assume that the changes were caused by increases or

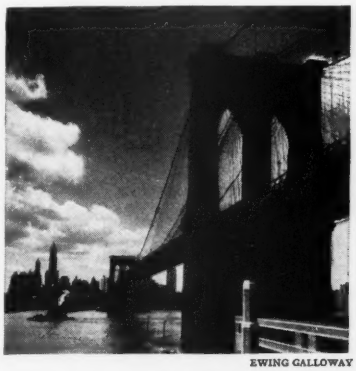
RISE AND FALL OF AMERICAN BUSINESSES WITHIN A YEAR

Estimates based on listings in the Dun & Bradstreet Reference Book and on business mortality studies


Will survive the year unchanged in form or ownership; new concerns less than a year old 8%
Will change ownership 5%
Will change legal form 2%
Will discontinue, with or without loss to creditors 9%
Will survive the year unchanged in form or ownership, but with numerous changes in financial strength; established concerns more than a year old 76%

decreases in actual openings or closings, not in the successions.

Grave concern was caused by the great numbers of failures which took place in the years following the war. However, business openings in those years increased, and the customary excess of births over deaths was well maintained. After the crash in 1929 a serious situation developed. An excess



EWING GALLOWAY

of closings over openings occurred which was on a far greater scale than in 1917 and lasted through four years. Revival of business initiative and courage in 1933 again generated new enterprises in excess of discontinuances, a condition which has existed ever since, although the depression continued to take heavy death toll until 1937. Business births have declined annually since 1936, but the continued excess of new business over discontinuances has caused an increase in total listed concerns.

The ratio of total discontinuances to total concerns over a 40-year period indicates that one-fifth of the business population undergoes annually some radical change, disregarding increases or decreases of net worth which are often enough radical. This change may be sale, merger, change of locality, withdrawal (because of failure to make a profit, or failure with loss to creditors), or merely change in legal form, such as taking in a partner or incorporating.

It should not be assumed from this 20 per cent ratio that all businesses fail at the end of five years, a mis-statement which is often encountered. Nor can it be assumed that the average life of a business enterprise is five years.

The business population at any one time consists of units of all ages—from a day to a hundred years or more. Life expectancy increases with age, so that, while many new enterprises fall quickly by the wayside, the survivals will approach each succeeding birthday with improved chances of carrying through another year. In this respect business life expectancy figures are more pleasant than what the life insurance actuaries tell us about mere humans.

Sampling studies of business mortality* indicate that about 45 per cent of all concerns *in business* at any one time will be out by the end of five years, and that about 65 per cent of *new* concerns *starting in business* in any one year will fail to reach a sixth birthday. But it should never be forgotten that new hopefuls are continually springing up to replace the casualties.

Current Significance

All of the complex history of business births, deaths, and successions may be intriguing to the antiquarian, but has it any current significance? Can the parts be fitted together to predict what will happen to the 2,000,000-odd American business concerns in the course of a normal year? Naturally an inflow and outflow can be more clearly shown in a motion picture than in a snapshot but the latter is better than no picture. The accompanying "pie chart" reduces the average Reference Book changes for the past seven years to a form which may be comprehensible.

About 11 per cent are apparently new concerns (whose commercial credit is being appraised for the first time). But many of these new ventures will have closed their doors before the end of the year. Therefore, the diagram shows not the total new concerns, but the estimated 8 per cent which will survive at least their first birthday. This particular estimate is probably on the optimistic side. It is the only figure not drawn from DUN & BRADSTREET records. It is based on a study of business history in Poughkeepsie, N. Y.,* which probably enjoys a more stable economy than the average community.

Extent of Changes

As previously noted, some change will take place in nearly 20 per cent of the total—the average of the last seven years is 16 per cent. The lives of 7 per cent will be marked by events short of actual discontinuances. In about 5 per cent the old ownership will be eliminated in one way or another, but the business will continue without interruption. Two per cent will undergo a legal change of some sort, most frequently from an individual proprietorship or a partnership to a corporation.

There will be left then, 9 per cent which will actually disappear from the scene, most of them "fizzles," a term which has been applied to concerns which fail to provide a satisfactory living for the owner. Their demise will probably entail a lost or at least impaired investment, but not always loss to creditors. Cases in the bankruptcy courts and cases compromised out of court have averaged in recent years less than 1 per cent of the total concerns in business.

Inevitably some overlap occurs between the several classes of concerns just described. For instance, a business may change ownership, suffer from incompetence of the new management, and either die quietly or fail resoundingly within a few months. The number of instances where more than one such "vital change" occurs within a year's time is not known, but is undoubtedly substantial. Yet, in proportion to the total listed business popu-

* Recent mortality studies include: "Mortality of Retail Stores in Colorado, 1926-1935." (Business Study No. 82, Bureau of Business and Social Research of the University of Denver); "Business Mortality of Illinois Retail Stores from 1925 to 1930." (Bulletin No. 41, Bureau of Business Research, University of Illinois); "Business Turnover of Indiana Retail Trades." (Study No. 19, Bureau of Business Research, Indiana University); and "A Study of Business Mortality in Poughkeepsie." (*American Economic Review*, September 1938).

* Previous footnote, last reference listed there.

lation represented by the chart, these "multiple change" cases can scarcely be an important group.

What then of the balance of American business, approximately three-quarters of the whole? It is composed of concerns more than one year old which will presumably continue unchanged in legal form or ownership for at least another year. Many of them, however, will encounter financial hazards during the year with resulting impairment of net worth. Others will prepare balance sheets reflecting improved business. Both types of changes affect credit relations with suppliers, and it requires close to 400,000 rating changes a year to follow these concerns through their financial vicissitudes. These rating changes, if downward, often foreshadow departures from the "survival" groups and indicate those concerns which, at the start of a new year, may possibly be among those undergoing change, even failure or discontinuance.

This remaining classification in these vital statistics of business—rating changes—so completely blankets all of the other types that it cannot well be shown as part of the same chart. Few business enterprises can long walk the tight rope of complete stability. Over the long run the typical business either grows, favored by circumstances and good management, or losses ground in the competitive race.

The number of rating changes made annually in the Reference Book has grown from about 200,000 per year at the beginning of the century to more than 400,000 per year during the past decade. The figures, a by-product of operating records, do not show what proportion of the revisions are upward toward a greater net worth or toward a better credit standing. However, it is a reasonable guess, in a growing country, that growth has been more prevalent than decline during the 40-year period. During periods of rapidly declining business conditions and price deflation, the number of downward revisions is doubtless in a majority.

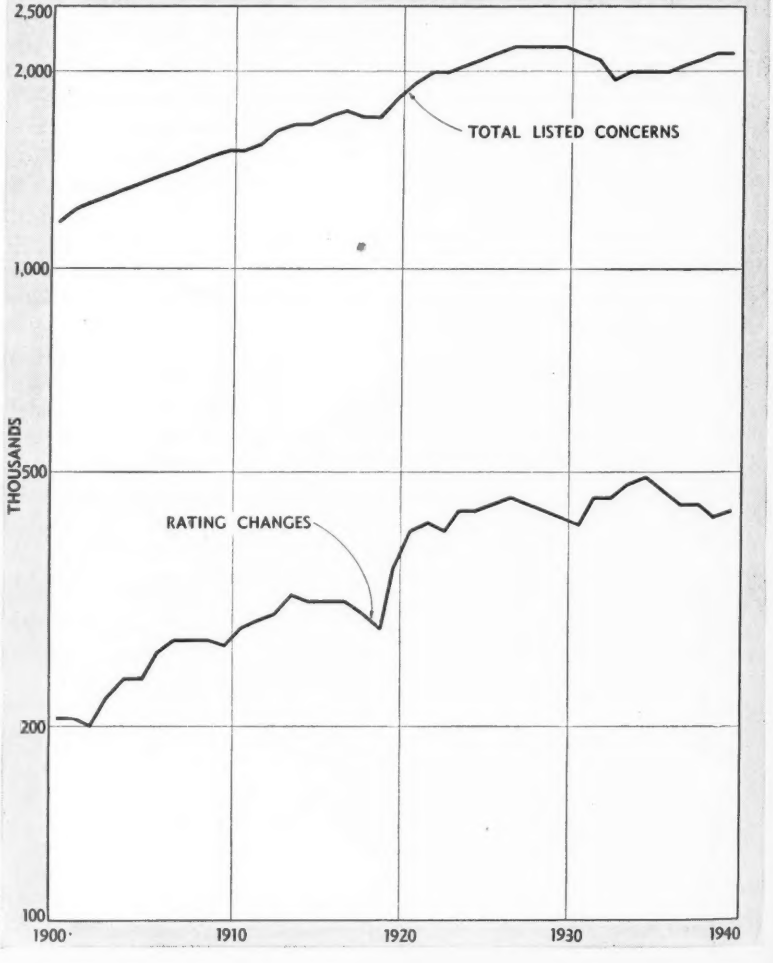
A concern may undergo more than one rating change in a year, so that the proportion of concerns which apparently escape any change whatsoever is probably somewhat larger than appears from the table.

The number of rating changes has grown more rapidly than the business population, doubling within the 40-year period, while the number of listed concerns has increased by only 84 per cent. There is no way of determining whether this indicates decreasing stability among business enterprises, or more accurate and frequent reappraisals of their standing. The fact remains that the management of business enterprise involves assumption of continuous risk and daily gambles on decisions with the hope that they are right. The record of rating changes shows that many thousands of business men each year are right enough in their decisions to improve their financial standing, or honest enough in their dealings to warrant increased respect from their suppliers. Inevitably many other thousands moved in the opposite direction.

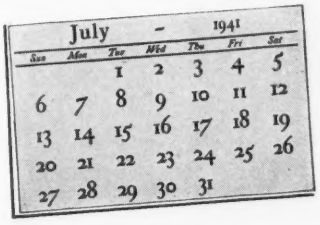
The overall figure of total annual changes in the Reference Book shown in the last column of the table may seem at first glance nonsensical, like adding bushels of wheat to numbers of marriages. Yet it has some significance as an indicator of the degree of ferment in the business structure.

The story told by the changes in the Reference Book is only one phase of the complex history of business. But is an excellent demonstration of our economic system of free competition at work—a system which classical economists have told us "must adjust itself to changing conditions by entrances and exits of concerns."

THE TREND OF CREDIT RATING CHANGES



The Business Man's Diary



1 DEFENSE spending program reaches $49,583,000,000. . . . Utility interconnections ordered by FPC to relieve power shortage in Southeast. . . . A railroad traffic peak of about one million carloads weekly is anticipated by ICC. . . . Six State strike called by Dairy Farmers' Union.

3 ARMY CHIEF OF STAFF MARSHALL asks right to extend year's service of draftees and to send troops to any part of the world.

6 SOFT COAL operators in South sign two-year contract with United Mine Workers eliminating wage differential between Northern and Southern fields.

7 ICELAND occupied by U. S. naval forces at the invitation of the island's government. . . . Chromium the fifteenth material on full priority.

11 FALL CATALOGUES of mail-order houses list prices up on average 5 to 6 per cent over Spring level.

13 RUBBER one of six new items included in a revised priorities critical list which now covers over 300 items. . . . Britain and Russia announce mutual assistance pact barring separate peace.

15 WOOL PRODUCTS labeling law effective. . . . OPM recommends five companies to operate new Government-owned aluminum plants producing 600,000,000 pounds annually. . . . Canada restricts civilian use of gasoline.

16 FPC PROPOSES plan to add 13,440,000 kilowatts to power capacity by 1946.

17 PRESIDENT orders trading blacklist of 1,800 firms and persons believed to be acting in the interest of Germany and Italy; assets here frozen.

18 MODIFICATION of price ceiling ruling on cotton gray goods raises prices from 39c. to 43c. per pound, or to the levels prevailing in the last weeks of May. . . . Curb on credit sales through shorter pay periods and increased down payments announced by several largest lenders on installment paper.

19 BRITAIN launches "V for victory" propaganda drive.

20 PRODUCTION program announced by OPACS for automotive, refrigerator, and laundry equipment industries is designed to reduce their consumption of scarce materials by 50 per cent in next twelve months. . . . U. S. Bureau of Agricultural Economics estimates industrial activity this year 25 per cent above 1940, national income 15 per cent higher, exceeding even 1929.

21 ALUMINUM collection begins. . . . President asks Congress for declaration of national emergency under which troops could be retained in service.

22 OIL industry asked to undertake immediate construction of a $10,000,000 crude oil pipeline from East Texas to Atlantic Coast.

23 FRANCE accepts Japanese demand for military control of French Indo-China.

24 AFL UNIONS in building field agree to forego strikes on defense work.

25 PRESIDENT freezes Japanese assets, thus bringing all foreign trade transactions with Japan under Government control; affects silk imports, oil exports.

26 JAPAN takes parallel action against United States. . . . Defense agencies freeze all stocks of raw silk, ask suspension of trading in silk futures, announce silk prices will be fixed at July 21 level. . . . First sign of panic buying of women's stockings noted by retailers.

29 FOLLOWING moves of United States and Great Britain, Netherlands East Indies freezes all Japanese funds and commercial transactions.

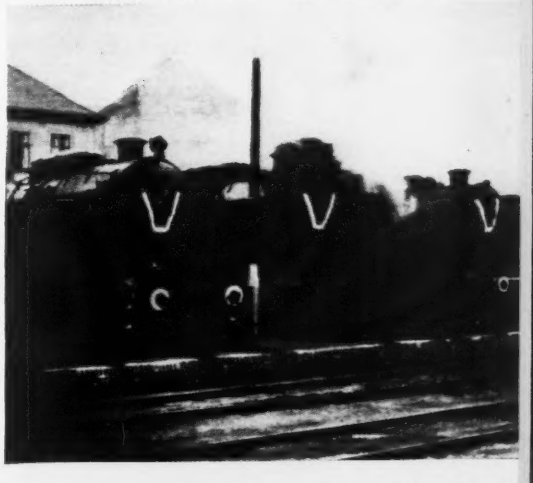
30 PRESIDENT asks Congress for authority to set ceilings on prices and rents and to curb excesses in field of installment selling.

31 VICE-PRESIDENT WALLACE named Director of Economic Defense Board, new top co-ordinating agency.

MILK FLOWS AS DAIRY FARMERS' UNION STRIKES FOR PRICE INCREASE—ACME

ALUMINUM PILES UP IN U. S. DRIVE FOR 20,000,000 POUNDS—INTERNATIONAL

LOCOMOTIVES IN PRAGUE CARRY A V FOR "VIKTORIA"—ACME RADIOPHOTO



SHOPPERS RUSH HOSIERY COUNTERS ANTICIPATING SILK SHORTAGE—ACME

DOCK SCENE, CHARLESTON, S. C.—CUSHING

THE TREND OF BUSINESS

PRODUCTION . . . PRICES . . . TRADE . . . FINANCE

In both its production and distribution branches business has enjoyed a surprising degree of activity for the Summer period. Manufacturers report that the problem is no longer how to get orders but how to fill them. Forward buying has played such an important rôle in trade turnover during August that retailers are limiting consumers' purchases in some lines. Price ceilings have been set over nineteen different commodities.

EVEN the traditionally-dull Summer months have yielded little evidence of a let-up in the steady expansion of business. July passed without witnessing any of the usual slackening in manufacturing activity. Many industries which normally touch their low for the year in that month instead reached an all-time high in production. The Federal Reserve Board estimated its adjusted industrial activity index at a new record of 162,41 points above the level of last July.

As August opened there were signs that the pace of industrial ordering had actually quickened further. Although total manufacturing output was now one-third again as large as a year ago and twice as great as three years ago, it failed still to equal the volume of incoming business. With defense expenditures over four times as great as last year, defense needs alone were accounting for one-fifth of all production.

If industrial activity failed to show additional expansion in August it was obviously not because the pressure of demand had diminished. Supply shortages creeping in to a growing number of non-defense lines were at last beginning to curb operations on a significant scale. As consumers' industries—especially those using metals, rubber, textiles, paper, and other vital materials—felt the tightening of supplies, there were indications that new production gains in one direction were now at the expense of prevailing rates of operation in some other part of the economy.

Distributors were already beginning to feel the pinch. After an exceptionally active July, retailers found themselves started on the Fall sales upswing before mid-August. A curb on silk imports set off a buying stampede in women's hosiery which soon spread to other silk goods, and to storable items such as domestics, furs, and yard goods. Retailers set limits to the quantity of silk merchandise each customer might buy. By the middle of the month gasoline supplies were also being rationed

Department Store Sales

Federal Reserve Board Adjusted Index
1923-1925 = 100

	1938	1939	1940	1941
January	90	88	92	101
February	88	88	90	103
March	86	88	89	103
April	83	88	89	104
May	80	87	89	105
June	82	86	91	105
July	83	87	92	113
August	83	88	98	
September	85	90	97	
October	86	92	94	
November	87	93	100	
December	88	95	101	

Industrial Production

Federal Reserve Board Adjusted Index
1935-1939 = 100

	1938	1939	1940	1941
January	86	102	122	140
February	84	101	116	141
March	84	101	113	143
April	82	97	111	140
May	80	97	115	150
June	81	102	121	157
July	86	104	121	162
August	90	104	121	
September	92	113	125	
October	95	121	129	
November	100	124	133	
December	101	126	139	

Factory Payrolls

U.S.B.L.S. Index
1923-1925 = 100

	1938	1939	1940	1941
January	75.4	84.7	99.8	120.7
February	77.7	87.1	99.3	126.8
March	77.8	88.8	99.8	131.2
April	75.2	86.8	97.9	134.7
May	73.6	86.3	97.8	144.0
June	71.6	87.9	99.5	152.0
July	71.7	85.8	98.2	
August	77.9	91.2	103.5	
September	82.3	95.4	111.6	
October	85.0	103.2	116.2	
November	85.3	103.2	116.4	
December	88.1	105.4	122.4	

in Eastern States. Diminishing stocks and slow deliveries had already cut down sales of electrical appliances and automobiles; now installment terms were tightened to put an additional check on consumers' purchases.

With demand rising in relation to supplies the pressure on prices had become so great that Government controls to limit increases were extended to a growing list of commodities. By August 16 Federal action had been taken on nineteen vital materials including sugar, burlap, rayon, silk, cotton goods, and copper. The general price level, which was already 16 per cent higher than a year ago at wholesale and 5 to 10 per cent higher at retail, continued to rise.

Inventories: Although buying policies still stressed stock expansion, there began to be signs of a slackening in the rate of accumulation. Regional purchasing agents' associations reported slow deliveries and Government controls as major factors preventing further substantial expansion in inventories from July to August. Distributors, who generally showed an increasing willingness to anticipate needs, found that exhibitors at Fall markets had set quotas and were adjusting orders to a limited percentage increase over past requirements.

Available reports indicated that by June inventories had already reached new highs. Manufacturers' stocks totalled about 18 per cent greater than last year, wholesalers' stocks 20 per cent greater (U. S. Department of Commerce). From 77 in June (1923-1925= 100) the FRB adjusted index of department store stocks rose to 81 in July, gaining 19 per cent over last July.

Industrial activity: Materials shortages, priorities, and rationing were the center of interest in manufacturing lines during July and August. The virtual shutting off of silk imports had repercussions not alone on the silk industry but on the nylon, cotton, and rayon industries as well. Most hosiery mills closed for a short time at least to make the necessary changeover to substitute materials.

The steel industry, itself affected by a shortage of scrap, was scheduled to go on full priority by September 1. Automobile schedules were still tentative and contingent on delivery of materials, but production remained relatively high during August, with unit output about double last year's. Among industries which reported operations affected

Wholesale Commodity Prices

U.S.B.L.S. Index—1926 = 100

Week	Apr. 1941	May 1941	June 1941	July 1941
I	82.2	83.2	85.9	87.7
II	82.9	84.0	86.7	88.1
III	83.0	84.6	87.2	88.3
IV	83.0	85.0	87.7	88.8
V		85.2		89.2

by a shortage of materials during August were furniture, electrical appliances, radio, and paper.

In total, production showed no change from June to July. Decreased activity in the automobile, steel, glass, and woolen industries was offset by increases in production of aircraft, lumber, machinery, ships, shoes, and food. Since output usually declines sharply in July, the FRB index adjusted for seasonal trends was carried from 157 in June to a new high of 162.

Consumer income: Although rising prices were beginning to make inroads into consumers' purchasing power, gains in incomes still exceeded those in living costs. Factory payrolls advanced 6 per cent just between May and June. The total of income payments was $7,650,000,000, or 19 per cent higher than in June last year. Living costs averaged about 4 per cent above the 1940 level during June and about 5 per cent higher in July (USBLS).

Consumer spending: A much less than seasonal decline in trade in July lifted the FRB adjusted index of department store sales from 104 to 113, a level matching the record peak in 1929. Mail order and chain stores also reported a smaller drop than usual for the month and variety stores experienced a slight increase in business. The preliminary trade barometer for July (see pages 30 and 32) indicated that the total volume of spending was continuing about one-fourth again as large as a year ago.

Prices: Rapid increases during July were followed by a slower commodity price rise in August. By the third week of the month, the all-commodity index of the USBLS stood at 89.6, or 1.6 per cent above its level at this time last year. In stock markets, price trends were mildly downward in August; at midmonth the Dow-Jones industrial average was off 5 points from its July peak.

Banking and finance: Demand for business loans was unabated. On August 13 member banks held a total of $6,146,000,000 of commercial, industrial, and agricultural loans, an increase of $1,685,000,000 over the volume of these loans outstanding last August. Corporations raised little new money in the capital market, however, flotations dropped to $130,037,550 in July compared with $203,857,159 in June and $292,281,400 last July.

Industrial Stock Prices

Dow-Jones Index (Weekly Average)

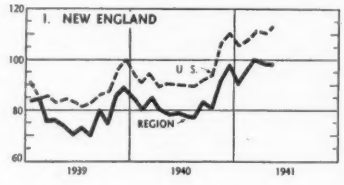
Week	Apr. 1941	May 1941	June 1941	July 1941
I	123.84	115.91	117.71	123.56
II	120.59	116.69	121.93	127.49
III	117.78	116.51	122.79	127.79
IV	116.47	116.97	123.59	128.93
V		115.97		128.90

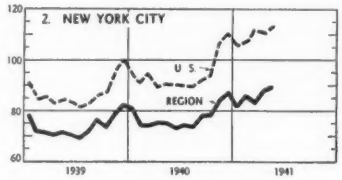
THE REGIONAL TRADE BAROMETERS

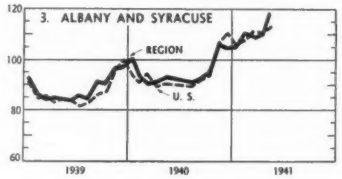
Trends in consumer purchasing in the 29 barometer regions are summarized on the opposite page. Charts on this page and pages 32, 34, and 35 compare the index for each region with the index for the United States since 1939. The accompanying paragraphs give more recent detail about regional trade conditions.

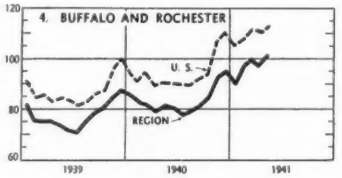
Indexes may be obtained in advance of their publication in DUN'S REVIEW by arrangement with the editor. Additional information about the barometers and about their especial usefulness in regional sales quota work, back figures and data on regional boundaries are available for users of the indexes.

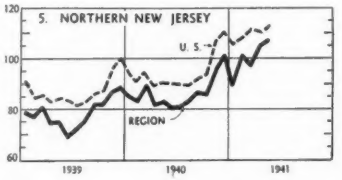
ADJUSTED FOR SEASONAL VARIATION 1928-32=100

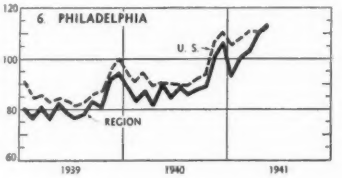


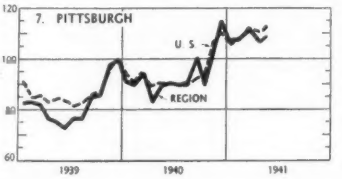












1. NEW ENGLAND

MAY, 98.6 APR., 99.1 MAY 1940, 79.1

UNADJUSTED: MAY, 104.4; APR., 107.8

JUNE—Percentage retail trade increases over previous June: Bangor 12, Portland–Boston 10, Springfield–Worcester 15, New Haven–Hartford 20, Providence 11, New Bedford 25. Wholesale trade increases: Portland 10, Boston–Springfield 15. Production above a year ago, up in month generally. Massachusetts and Rhode Island factory payrolls at new peak, 60% above last year. Collections steady to better than 1940. JULY—Business slow in rural areas unaffected by defense. Retail trade up 20 to 25% from 1940. Few signs of Summer slackening; ever-increasing order backlogs keeps major industries at or near capacity.

2. NEW YORK CITY

MAY, 89.4 APR., 88.0 MAY 1940, 75.7

UNADJUSTED: MAY, 92.4; APR., 92.5

JUNE—Percentage retail trade increases over previous June: Bridgeport 30, New York City department store sales 8, hotel sales 0. Payrolls and production well above a year ago, increased in month in Bridgeport. Large seasonal employment losses in clothing and millinery firms in New York City offset gains in most all other lines. Aircraft factories on 58-hour week. Metal products output increased. Rayon makers at capacity. Collections satisfactory. JULY—Dress manufacturers initial Fall bookings at record level. Furniture Show orders 50% greater than January. Bank clearings up 18% from 1940; merchandise deliveries up 10%.

3. ALBANY AND SYRACUSE

MAY, 118.1 APR., 110.5 MAY 1940, 94.1

UNADJUSTED: MAY, 121.5; APR., 113.8

JUNE—Percentage retail trade increases over previous June: Albany 10, Binghamton–Utica 12, Syracuse 19. Wholesale trade increases: Albany 10, Syracuse 17. Dry weather substantially reduced hay and early fruit crops, retarded season generally. Payrolls and production well above last year, increased in month with largest gains in Utica. Expansion in defense plants still absorbing unemployed. Binghamton shoe operations at 90% of capacity. Collections generally better than 1940. JULY—Heavy rains aided crops, water supply. Paper mill activity increased. Binghamton retail trade up 10% from 1940, Syracuse bank clearings up 14%.

4. BUFFALO AND ROCHESTER

MAY, 101.4 APR., 97.3 MAY 1940, 81.5

UNADJUSTED: MAY, 103.9; APR., 102.8

JUNE—Percentage retail trade increases over previous June: Buffalo 25, Elmira 20, Rochester 10. Buffalo wholesale trade up 10%. Payrolls and production well above 1940, up in month. Defense strong stimulant; Rochester factories still in tooling up stage; Buffalo contracts total $297,000,000. Buffalo building permit value more than double 1940. Shoe industry contraseasonally active. Collections generally better than 1940. JULY—Department store sales 20% or more above 1940 in Buffalo and Rochester. Flour output below last year. Furniture factory unfilled orders twice 1940. Aircraft work-week extended to 6 days.

5. NORTHERN NEW JERSEY

MAY, 107.2 APR., 105.6 MAY 1940, 83.1

UNADJUSTED: MAY, 105.2; APR., 107.1

JUNE—Newark retail trade 9% above last June, wholesale trade up 15% from last June, 10% from April. Payrolls and production above a year ago, steady in month. Aircraft and shipyard operations at capacity. Machinery and other heavy industry manufacturers very active on defense work. Substantial plant expansion. Output of paints at high level. Bank clearings 27% above a year ago in Northern New Jersey as a whole; up 25% in Newark alone. Collections better than 1940. JULY—Newark department store sales 20% above 1940; bank clearings up 17%. Industrial output again increased. Paterson affected by silk freezing order.

6. PHILADELPHIA

MAY, 112.9 APR., 110.0 MAY 1940, 90.6

UNADJUSTED: MAY, 116.7; APR., 115.7

JUNE—Percentage retail trade increases over previous June: Trenton 16, Allentown 25, Philadelphia 13, Reading 20, Scranton 4, Wilkes-Barre 10, Harrisburg 25, Wilmington 15. Philadelphia wholesale trade up 20%. Payrolls up 58% from 1940 in Philadelphia, Trenton 25%, Harrisburg 70%, Scranton 34%, Wilkes-Barre 78%. More heavy industries on three shifts. Hard coal output up 30% in month. Collections steady to better than 1940. JULY—Philadelphia retail trade contraseasonally active, 20% above 1940. Hosiery workers laid off due to silk stock freezing. Consumers' goods industries stimulated by rush Fall orders.

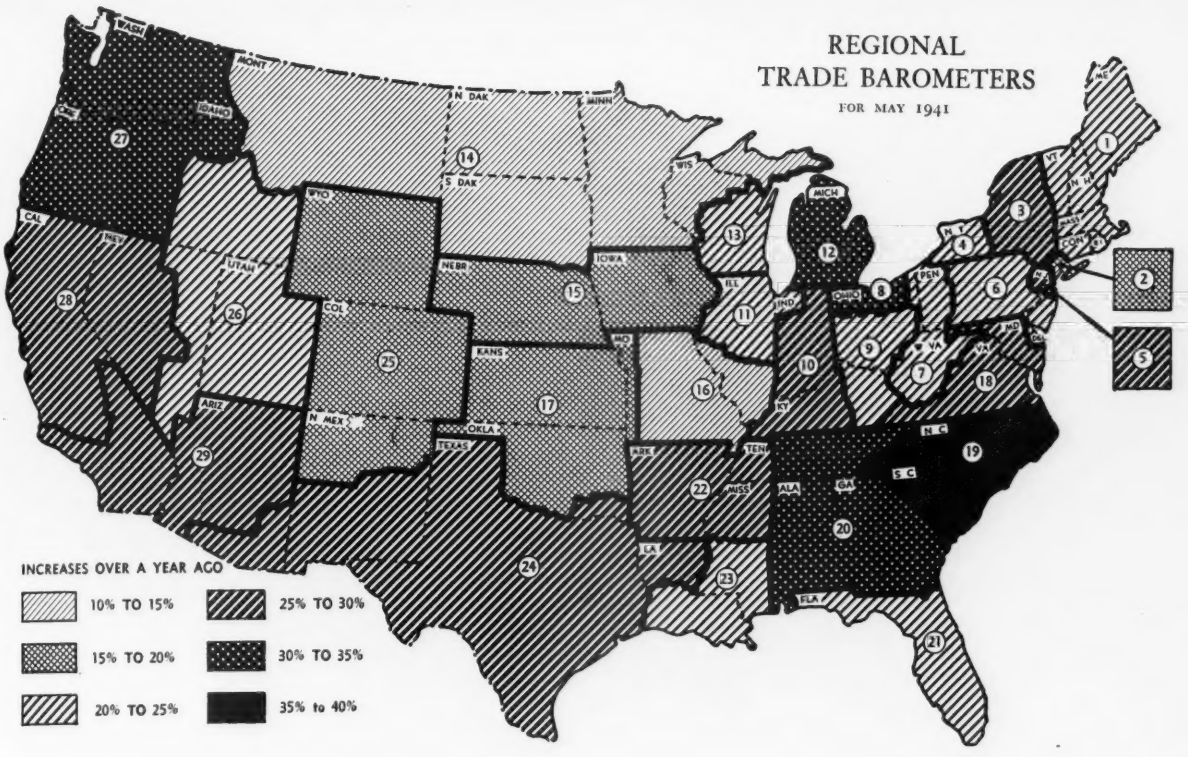
7. PITTSBURGH

MAY, 109.0 APR., 109.1 MAY 1940, 89.7

UNADJUSTED: MAY, 118.2; APR., 114.7

JUNE—Percentage retail trade increases over previous June: Erie 25, Pittsburgh 10, Youngstown 20, Huntington–Charleston 15. Wholesale trade increases: Erie 20, Pittsburgh 12, Charleston 20. Payrolls and production generally well above a year ago. Employment increased in month. Pig iron output at virtual capacity. Soft coal production 30% better than 1940. Glass output best in years; container division at all-time high. Collections vary. JULY—Retail trade up 25 to 30% over 1940 in Erie, 12 to 15% in Pittsburgh. Influx of workers caused housing shortage in Youngstown. Steel mills at 98-100% of capacity. Building active in Erie.

(Continued directly opposite)



FORWARD BUYING SPURS SUMMER TRADE

The United States Trade Barometer (seasonally adjusted) rose to 114.0 in June from 113.0 in May. Barometer figures are compiled by Dr. L. D. H. Weld, Director of Research, McCann-Erickson, Inc.; trade information is reported by branch offices of Dun & Bradstreet, Inc.

CONSUMER purchasing continued exceptionally strong during Summer months, buoyed in substantial part by anticipatory buying in an ever-growing list of items. Stimulated by shortages in a few lines, rising prices, proposals to tighten installment credit and impose excise taxes, "scare buying" reached rush proportions in some lines in early August.

Touched off by the Government acquisition of silk stocks, the spending splurge heretofore concentrated mainly in durable goods spread to include a considerable volume of soft goods. Already at record levels, ordering increased further in hard lines also.

Rising retail prices, which averaged 5 to 10 per cent higher than 1940 by August proved no deterrent to sales. Mid-Summer promotions of furs, cloth coats, and home furnishings found customers inclined to buy better merchandise even with higher prices in effect.

Acceleration in spending caused trade to register wider increases over 1940 in August than at any other time this year. The previous record had been the 25 per cent gain in June, when the seasonally adjusted U. S. Trade Barometer stood at 114.0, up 1 per cent from the May level. Preliminary reports for July indicate that trade in that month gained about 24 per cent over last year, although slackening seasonally.

Bolstered by durable goods buying, seasonal purchases and clearance sales, July dollar volume was second-best on record for the month, exceeded only by 1929. The heat wave in early July sent sales of seasonal goods and apparel booming; volume of picnic merchandise reached an all-time high. Slim stocks and brisk turnover tended to postpone clearances, but as they got under way response was unusually good despite smaller price reductions.

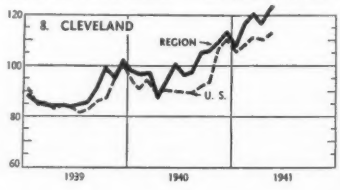
Demand for durable goods remained exceptionally heavy,

ADJUSTED FOR SEASONAL VARIATION; 1928-32=100

8. Cleveland

MAY, 123.8 APR., 117.2 MAY 1940, 95.0
UNADJUSTED: MAY, 123.8; APR., 128.9

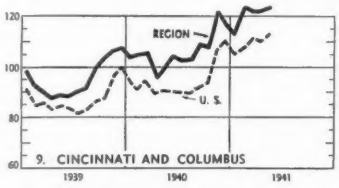
JUNE—Percentage retail trade increases over previous June: Cleveland 15, Akron 25, Canton 30, Toledo 9, Lima 15. Wholesale trade increases: Cleveland 25, Akron 10, Toledo 15. Wheat crop prospects improved; fruit crop average or better. Payrolls and production sharply above a year ago, generally up in month. Steel, glass, rubber plants very active. Much plant expansion; aircraft parts industry doubling facilities. Collections better than 1940. JULY—Cleveland retail trade 25 to 30% above 1940. Heavy storm damage in Akron. Toledo employment at year's peak. Akron, Cleveland building permit value more than double 1940.



9. Cincinnati and Columbus

MAY, 123.6 APR., 122.0 MAY 1940, 99.8
UNADJUSTED: MAY, 132.3; APR., 126.9

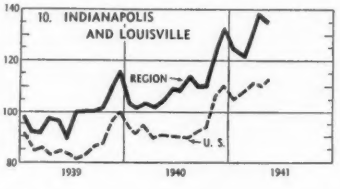
JUNE—Percentage retail trade increases over previous June: Cincinnati 14, Springfield–Zanesville 15, Columbus 16, Dayton 35. Wholesale trade increases: Cincinnati 15, Columbus 25. Winter wheat yield good. Farm prices well above a year ago. Payrolls and production better than last year. Zanesville industries at capacity, orders increasing. Aviation parts, machine tools and other defense production expanding rapidly. Collections steady to better than 1940. JULY—Cincinnati retail trade up 20 to 25% from 1940. Bank clearings up 30% in Cincinnati, 23% in Columbus. Employment expanding steadily. Rain delayed wheat harvest.



10. Indianapolis and Louisville

MAY, 135.3 APR., 138.9 MAY 1940, 104.8
UNADJUSTED: MAY, 143.0; APR., 143.3

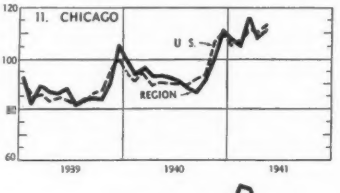
JUNE—Percentage retail trade increases over previous June: Louisville 35, Evansville 25, Indianapolis 10, Terre Haute 0, Fort Wayne 18. Wholesale trade increases: Louisville 27, Indianapolis 30. Rain improved crop and pasturage conditions. Kentucky tree fruit crop better than 1940. Indiana farm prices up substantially in month. Payrolls and production above a year ago. Payrolls up 65% from 1940 in Indianapolis, 50% in Evansville, 48% in Terre Haute. Collections vary. JULY—Defense plants increasing output. Production in Louisville 30 to 40% above 1940. Retail trade up 30% over 1940 in Louisville, 20% in Indianapolis.



11. Chicago

MAY, 112.4 APR., 108.0 MAY 1940, 93.6
UNADJUSTED: MAY, 115.5; APR., 112.8

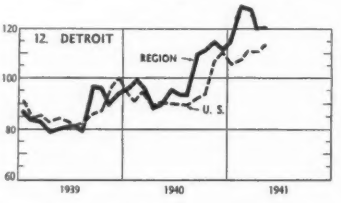
JUNE—Percentage retail trade increases over previous June: Chicago 9, Rockford 25, Peoria 10, South Bend 20, Springfield 5. Chicago wholesale trade up 7%. Crop prospects good; prices tion above last year, generally up in month. Further employment gains in metal, machine, transportation equipment, glass, food, tobacco lines. Pig iron output 25% above 1940. Collections vary. JULY—Chicago department store sales up about 15% from 1940. Record attendance at Fall wholesale markets; sales 30 to 50% above 1940. Building permits more than double 1940 in Chicago and South Bend. Peoria bank clearings 17% above 1940, Rockford 56%.



12. Detroit

MAY, 120.8 APR., 120.7 MAY 1940, 89.7
UNADJUSTED: MAY, 130.5; APR., 129.1

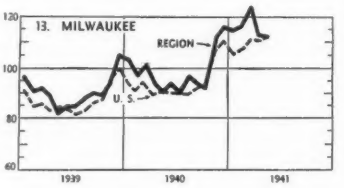
JUNE—Percentage retail trade increases over previous June: Detroit 18, Grand Rapids 20, Saginaw 15. Wholesale trade increases: Detroit 7, Grand Rapids 15. Crop conditions fair to good, rain needed. Farm prices above last year. Payrolls and production well above a year ago, up in month in Grand Rapids where furniture factories operate at capacity. Auto output 49% above 1940. Steel mills near capacity, other heavy industry very active. Collections steady to better than 1940. JULY—Detroit department store sales 35 to 40% above 1940. Auto output off as model year closes, but more than double 1940. Steel rate at 100% of capacity.



13. Milwaukee

MAY, 112.2 APR., 112.9 MAY 1940, 90.2
UNADJUSTED: MAY, 118.4; APR., 119.7

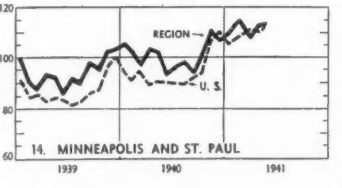
JUNE—Percentage retail trade increases over previous June: Milwaukee 20, Green Bay–Madison 5. Milwaukee wholesale trade up 40%. Farm income sharply higher than last year. Pasture and crop conditions good to excellent. Output of milk and dairy products above 1940. Canning of early peas under way. Payrolls and production up in month. Payrolls about 50% above 1940 in Milwaukee and Madison, 79% in Racine, 35% in Green Bay. Heavy industries and paper mills stepped up output. Collections steady to better than 1940. JULY—Milwaukee department store sales up 25 to 30% from 1940; bank clearings gained 13%. Cheese prices rising.



14. Minneapolis and St. Paul

MAY, 113.8 APR., 113.1 MAY 1940, 101.7
UNADJUSTED: MAY, 118.5; APR., 115.4

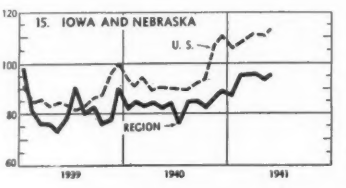
JUNE—Percentage retail trade increases over previous June: Duluth–Great Falls 5, Minneapolis 8, St. Paul–Sioux Falls 10, La Crosse 9, Fargo 0, Billings 20, Butte 4. Wholesale trade increases: Duluth 8, Minneapolis 10, Great Falls 0. Wheat and other crops look good; farm prices about 10% above 1940. Payrolls and production generally above last year. Steady demand for flour, linseed oil, farm implements. La Crosse rubber, aircraft plants very active. Collections vary. JULY—St. Paul retail trade 10 to 15% above 1940. Excess moisture hurts some crops. Construction of Ramsey County ammunition plant will employ 10,000.



15. Iowa and Nebraska

MAY, 95.3 APR., 94.7 MAY 1940, 82.6
UNADJUSTED: MAY, 98.4; APR., 99.3

JUNE—Percentage retail trade increases over previous June: Burlington 26, Cedar Rapids–Davenport–Waterloo–Des Moines 5, Dubuque–Sioux City 8, Lincoln–Omaha 10. Wholesale trade increases: Sioux City 7, Des Moines 8, Omaha 14. Winter wheat yield below last year in Iowa, above in Nebraska. Corn prospects generally good. Farm prices up in month; 44% higher than 1940. Payrolls and production above last year; Iowa industrial payrolls up 27%. Collections vary. JULY—Omaha department store sales up 9% from 1940. Cedar Rapids bank clearings up 27% from 1940; Des Moines up 14%; Sioux City up 26%; Omaha up 21%.



although depleted stocks and slower deliveries were beginning to restrict sales in merchandise such as large electrical appliances and automobiles.

Outstanding regional trade improvement came from the Southwest during recent weeks while gains over last year tended to narrow in several Eastern centers. The Pacific Coast and Midwest chalked up large increases over last year, and the South continued to lead all sections.

Seasonally adjusted trade barometers now available for May show that eighteen of the twenty-nine regions gained more over 1940 than the nation-wide advance of 24 per cent. The Carolinas and Detroit led with increases of 35 per cent or more. The Northwest and Southwest sections ran consistently below the national average.

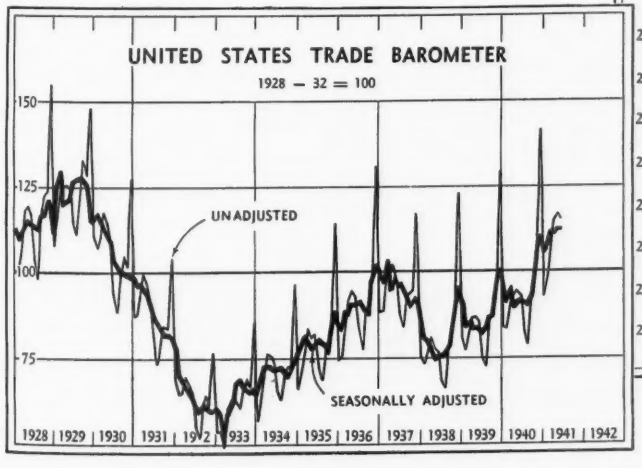
Consumer buying in May exceeded seasonal expectations in the country as a whole and in all but four regions. Increases of more than 10 per cent over the previous month were noted in the seasonally adjusted barometers in Salt Lake City, the Carolinas, Florida, Texas and Kansas City regions. Gain for the entire country was 2 per cent.

(Charts and trade reports for each region begin on page 30)

THE MAP AND CHART compare the May, 1941, indexes with those for the same month a year ago. The column at the extreme right of the chart indicates the relative importance of the regions: the figures are percentages of national retail trade from the 1935 Census of Business.

THE INDEXES for the regions are charted, with U. S., from 1939, on pages 30, 32, 34, 35. They are composites based on bank debits (Federal Reserve Board), department store sales (Federal Reserve Board), new car registrations (R. L. Polk & Company), and life insurance sales (Life Insurance Sales Research Bureau). In regions 2, 3, 4, 5, and 14, wholesale sales (Department of Commerce), and in region 2, advertising linage (*Editor and Publisher*), which made those indexes more accurate, are included. Each index is separately adjusted for seasonal variation and for the number of business days in each month. All are comparable. The average for the five years 1928-1932 equals 100. The preliminary figure for the United States is computed one month before regional figures are available.

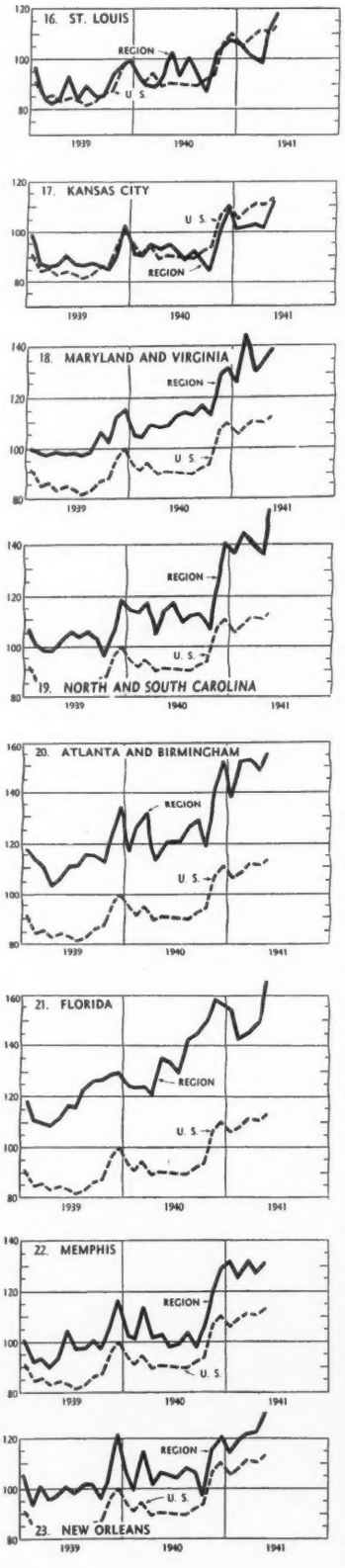
THE PARAGRAPHS which are printed opposite the twenty-nine regional charts give figures and trade changes for the months of June and July based upon opinions and comments of business men in various lines of trade, gathered and weighed by the local DUN & BRADSTREET offices.



REGIONAL TRADE BAROMETERS

Region	May 1941 Regional Index	May 1941 Compared with May 1940 (%)	Retail 1935 Sales %
		0 +10 +20 +30 +40 +50	
U. S.	113.0	+23.5	100.0
1. NEW ENGLAND	98.6	+24.7	7.8
2. NEW YORK CITY	89.4	+18.1	10.3
3. ALBANY AND SYRACUSE	118.1	+25.5	2.5
4. BUFFALO AND ROCHESTER	101.4	+24.4	1.9
5. NORTHERN NEW JERSEY	107.2	+29.0	2.9
6. PHILADELPHIA	112.9	+24.6	6.2
7. PITTSBURGH	109.0	+21.5	3.7
8. CLEVELAND	123.8	+30.3	2.9
9. CINCINNATI AND COLUMBUS	123.6	+23.8	3.1
10. INDIANAPOLIS AND LOUISVILLE	135.3	+29.1	2.6
11. CHICAGO	112.4	+20.1	6.4
12. DETROIT	120.8	+34.7	4.0
13. MILWAUKEE	112.2	+24.4	2.2
14. MINNEAPOLIS AND ST. PAUL	113.8	+11.9	4.5
15. IOWA AND NEBRASKA	95.3	+15.4	3.0
16. ST. LOUIS	119.3	+14.3	2.5
17. KANSAS CITY	112.3	+17.5	3.6
18. MARYLAND AND VIRGINIA	139.0	+27.2	3.8
19. NORTH AND SOUTH CAROLINA	155.4	+36.7	2.1
20. ATLANTA AND BIRMINGHAM	156.4	+30.7	3.5
21. FLORIDA	166.2	+23.0	1.3
22. MEMPHIS	131.8	+27.6	1.5
23. NEW ORLEANS	129.9	+20.4	1.0
24. TEXAS	144.6	+26.6	4.5
25. DENVER	119.7	+15.5	1.3
26. SALT LAKE CITY	123.7	+22.7	.8
27. PORTLAND AND SEATTLE	124.0	+30.4	2.7
28. SAN FRANCISCO	118.5	+27.6	3.4
29. LOS ANGELES	116.4	+29.2	3.9

ADJUSTED FOR SEASONAL VARIATION: 1928–32=100



16. St. Louis

MAY, 119.3 APR., 111.9 MAY 1940, 104.4
UNADJUSTED: MAY, 124.8; APR., 117.8

JUNE—Percentage retail trade increases over previous June: St. Louis–Quincy 10, Springfield 35. St. Louis wholesale trade up 25%. Wheat harvest near completion. Corn crop progressing well. Payrolls and production well above a year ago, steady in month. Heavy goods lines such as chemicals, machinery, electrical equipment continue at or near capacity. Paper output at capacity. Shoe production record for month. Collections steady to better than 1940. JULY—St. Louis retail trade 15 to 20% above 1940; bank clearings up 31%. Seasonal let-down at minimum in major industrial plants. Shoe employment up 6% in month.

17. Kansas City

MAY, 112.3 APR., 101.9 MAY 1940, 95.6
UNADJUSTED: MAY, 110.8; APR., 103.8

JUNE—Percentage retail trade increases over previous June: Kansas City 20, St. Joseph 10, Topeka–Tulsa 12, Wichita 40, Oklahoma City 15. Wholesale trade increases: Kansas City 25, Oklahoma City 17. Crop prospects favorable; prices rising. Payrolls and production steady to better than 1940; up in month in Tulsa, Wichita, Kansas City. Wichita defense contracts total $225,000,000. Oklahoma oil output steady with 1940; zinc output up 11%. Collections vary. JULY—Department store sales up 38% from 1940 in Wichita, 26% in Kansas City, 21% in Tulsa. Flour milling 9% above 1940. Winter wheat harvest near completion.

18. Maryland and Virginia

MAY, 139.0 APR., 134.7 MAY 1940, 109.3
UNADJUSTED: MAY, 141.5; APR., 135.5

JUNE—Percentage retail trade increases over previous June: Baltimore–Richmond 12, Washington 15, Norfolk 30, Lynchburg 16, Roanoke 7. Wholesale trade increases: Baltimore 8, Norfolk 25, Richmond 20. Short potato and truck crops. Peanut crop prospects below 1940. Farm income well above 1940. Payrolls and production much better than last year. Record cigarette output. Garment, textile, heavy industries at capacity. Coal output up 49% from 1940. Collections steady to better than 1940. JULY—Baltimore retail trade 30% above 1940; bank clearings up 28% in Norfolk and Richmond, 32% in Baltimore. Building very active.

19. North and South Carolina

MAY, 155.4 APR., 137.4 MAY 1940, 113.7
UNADJUSTED: MAY, 151.4; APR., 140.4

JUNE—Percentage retail trade increases over previous June: Asheville 7, Winston-Salem–Raleigh 5, Charlotte 12, Wilmington 20, Charleston 28, Columbia 16, Greenville 15. Wholesale trade increases: Wilmington 25, Charleston 18, Winston-Salem 12. Tobacco, potato, peanut outlook below 1940. Payrolls and production generally above 1940. Defense building progressing rapidly. Army camp and shipyard near Wilmington aids trade. Cotton mill activity up 43% from 1940. Collections steady to better than 1940. JULY—Record buying at High Point furniture market. Bank clearings up 40% from 1940 in Charleston, Columbia.

20. Atlanta and Birmingham

MAY, 156.4 APR., 148.9 MAY 1940, 119.7
UNADJUSTED: MAY, 161.7; APR., 152.5

JUNE—Percentage retail trade increases over previous June: Atlanta–Savannah–Birmingham 25, Chattanooga–Augusta 10, Columbus 30, Macon 22, Knoxville 18, Nashville 20. Wholesale trade increases: Atlanta 7, Birmingham–Nashville 15. Peach crop much better than 1940. Other crop prospects poor to fair. Production generally above last year; payrolls up 40 to 50%. Building material demand strong; much defense construction. Cotton mill activity 55% above 1940. Collections vary. JULY—Atlanta department store sales 28% above 1940; Nashville 31%. Steel output at 90%, pig iron at 95% of capacity. Rains relieved power shortage.

21. Florida

MAY, 166.2 APR., 148.9 MAY 1940, 135.1
UNADJUSTED: MAY, 161.7; APR., 156.0

JUNE—Percentage retail trade increases over previous June: Jacksonville 45, Miami 6, Tampa 15. Wholesale trade up 15% in Jacksonville and Tampa. Crop season nearing end; shipments light. Farm income substantially higher than 1940. Production better than last year; payrolls up 22%. Substantial defense construction in Miami. Cigar output better than last year. Sawmill activity at high level. Pulp mills working full time. Collections steady with 1940. JULY—Bank clearings up 33% from a year ago in Jacksonville, 22% in Tampa. Miami Beach Summer season one of best in history; many stores remaining open all Summer.

22. Memphis

MAY, 131.8 APR., 128.6 MAY 1940, 103.3
UNADJUSTED: MAY, 133.4; APR., 122.4

JUNE—Percentage retail trade increases over previous June: Memphis 20, Fort Smith–Little Rock 17. Memphis wholesale trade up 10%. Crop conditions poor near Memphis, fair to good in Arkansas. Hot weather beneficial to cotton but damaging to food and hay crops. Payrolls and production better than last year, steady with last month. Construction and industry very active. Furniture, stove, and glass factories working full time. Collections better than last year. JULY—Department store sales up 35% from 1940 in Little Rock, up 22% in Memphis. Drought conditions not fully relieved. Cotton crop outlook good; prices well above 1940.

23. New Orleans

MAY, 129.9 APR., 122.2 MAY 1940, 107.9
UNADJUSTED: MAY, 127.2; APR., 125.0

JUNE—Percentage retail trade increases over previous June: New Orleans 18, Jackson 12. New Orleans wholesale trade up 20%. Trade booming, new businesses, near army cantonments. Rice and cotton prospects good, prices high. Sugar cane outlook fair to good. Payrolls and production steady to better than last year. Lumber, textile, and petroleum industries most active; defense construction progressing rapidly. Collections steady with 1940. JULY—New Orleans building permits $6,651,879 against $892,093 last year. Jackson bank clearings up 16% over 1940, New Orleans 48%, Meridian 29%, Hattiesburg 125%; Vicksburg off 4%.

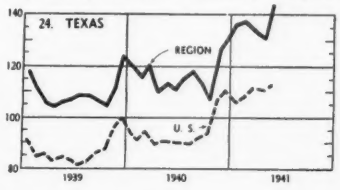
ADJUSTED FOR SEASONAL VARIATION; 1928-32=100

24. Texas

MAY, 144.6 APR., 130.9 MAY 1940, 114.2

UNADJUSTED: MAY, 142.9; APR., 130.4

JUNE—Percentage retail trade increases over previous June: Dallas–Houston–Shreveport 20, Fort Worth 33, El Paso 40, Beaumont 34, Waco–San Antonio 35, Austin 10. Wholesale trade increases: Dallas 7, Fort Worth–Houston 3, San Antonio 37, Shreveport 5. Excess rain damaged cotton and wheat. Livestock prices and marketings substantially above 1940. Payrolls and production above 1940, frequently up in month. Collections steady with 1940. JULY—Minden and Texarkana to get shell loading plants. Record buying at Dallas, Fort Worth wholesale markets. Dallas bank clearings up 34% from 1940, Fort Worth 34%, Houston 42%, Galveston 33%.

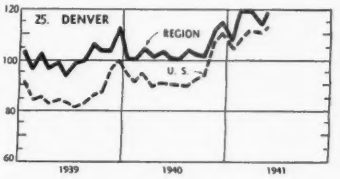


25. Denver

MAY, 119.7 APR., 115.1 MAY 1940, 103.6

UNADJUSTED: MAY, 118.4; APR., 116.4

JUNE—Percentage retail trade increases over previous June: Denver 15, Albuquerque 10. Denver wholesale trade up 10%. Pasture and crop conditions good to excellent. Farm income, livestock shipments above last year; fruit and vegetables shipments up 25%. Payrolls and production above last year, up in month in Albuquerque as lumber mills resumed capacity operations. Denver home construction 26% above 1940. Collections steady to better than 1940. JULY—Denver retail trade up 15% from 1940; wholesale market buying 60% above last year; steel mills and arms plant construction on 24-hour day. Tourist traffic greater than last year.

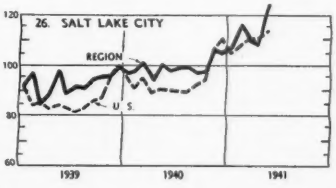


26. Salt Lake City

MAY, 123.7 APR., 108.8 MAY 1940, 100.8

UNADJUSTED: MAY, 127.2; APR., 108.4

JUNE—Salt Lake City retail trade up 11% from a year ago. Wholesale trade up 8% from last June. Pasture and crop conditions good, ample moisture. Farm income up substantially from last year. Payrolls and production above a year ago, again increased in month. Principal gains were in machinery, construction equipment and lines allied with defense; other industries held steady. Collections better than last year, improved in month. JULY—Air and military base construction increasing payrolls. Small arms plant costing $30,000,000 to be built in Salt Lake City. Department store sales in Salt Lake City up 17% from 1940.

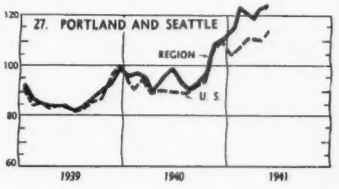


27. Portland and Seattle

MAY, 124.0 APR., 123.2 MAY 1940, 95.1

UNADJUSTED: MAY, 126.4; APR., 125.5

JUNE—Percentage retail trade increases over previous June: Seattle 32, Tacoma 25, Spokane 10, Portland 23. Seattle and Portland wholesale trade up 20%. Wheat crop and prices better than last year. Fruit yield prospects even to below 1940. Payrolls and production above last year. Building, airplane, other defense activity increased. Lumber, plywood, paper and pulp mills at capacity. Collections steady to better than 1940. JULY—Portland department store sales up 23% from 1940, Seattle up 37%. Large aluminum plant to be built in Tacoma. Orders at Seattle furniture and apparel wholesale markets much increased over the same events a year ago.

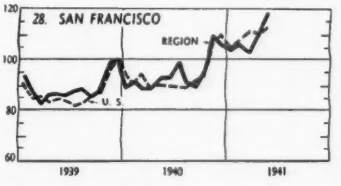


28. San Francisco

MAY, 118.5 APR., 109.3 MAY 1940, 92.9

UNADJUSTED: MAY, 115.3; APR., 107.7

JUNE—Percentage retail trade increases over previous June: San Francisco 20, Oakland 25, Sacramento 22, Fresno 15. San Francisco wholesale trade up 30%. Peach yield below last year; grape and wheat above, prices higher. Production above last year and last month. Payrolls and employment at new high. Shipyard strike ended. Government contracts in San Francisco area over $1,000,000,000; three-fourths for ships. Collections steady to better than 1940. JULY—Much defense construction; Oakland building barracks, navy base, shipyard. San Francisco department store sales 21% above 1940; bank clearings up 22%. Production increased further.

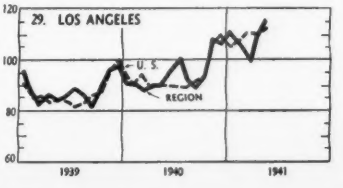


29. Los Angeles

MAY, 116.4 APR., 110.4 MAY 1940, 90.1

UNADJUSTED: MAY, 116.3; APR., 109.7

JUNE—Percentage retail trade increases over previous June: Los Angeles 20, San Diego 50, Phoenix 30. Los Angeles wholesale trade up 28%. Crop conditions good; flaxseed, grapes, cotton, grapefruit above last year, wheat below. Pasture and livestock excellent; prices higher. Payrolls and production above last year, and last month in Los Angeles and San Diego; mining steady with last year in Phoenix. Aircraft, shipyard, petroleum, motion picture output increasing. Collections better than 1940. JULY—Defense housing, plant expansion very active; air fields being built in Arizona. Los Angeles department store sales up 22% from 1940.

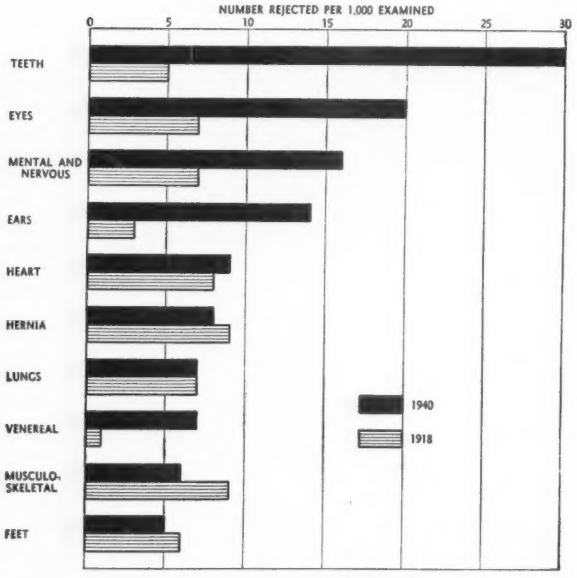


OIL CRACKING PLANT AT CLEVELAND—PHOTOGRAPH FROM CUSHING

THROUGH THE STATISTICIAN'S EYES

ODD AND INTERESTING ITEMS FROM THE MONTH'S RECORD

Draft Rejections



PHYSICAL CAUSES FOR REJECTING ARMY DRAFTEES—*1940, 1918—U. S. War Department—Most frequent causes for rejection were teeth and eye defects in 1940, hernia and musculo-skeletal disorders in 1918.*

FIFTEEN OUT OF EVERY hundred boys inducted into Army service were sent home because of physical defects in 1940, as against eight in 1918. Teeth, eye and ear defects and mental and nervous diseases were the most frequent causes for rejection, accounting for 52 per cent of the total as compared with 31 per cent in 1918. Chief reasons for dismissal in 1918—hernia, musculo-skeletal, heart and lung diseases —amounted to 40 per cent of the total, as against 20 per cent in 1940.

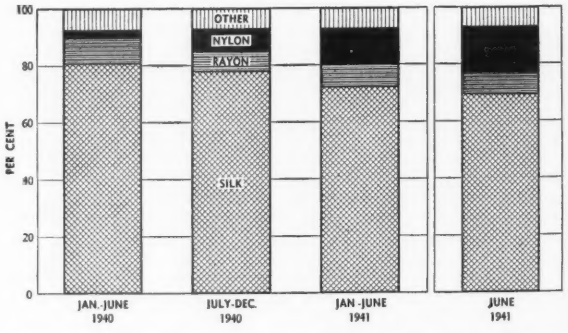
Higher medical standards rather than poorer health largely account for the increased rejection rate, the War Department points out; purpose of the present draft is to select men physically qualified to stand a period of intensive training, rather than to raise an Army in double quick time to fight. Exception however, is the sharp rise in teeth rejections, while the dental requirements remained essentially the same in the two draft periods.

What Are Stockings Made Of?

WHAT ARE women's stockings made of? Mostly silk—until the recent Government order commandeering all raw silk stocks for military purposes. Roughly 80 per cent of all silk is consumed by the hosiery industry and this fiber has dominated in production of women's full fashioned and seamless hose. The successful introduction of nylon in May 1940 cut silk hose output from 80 to 70 per cent of the total, while nylon gradually expanded its share to 16 per cent of the total by June 1941. Rayon accounted for somewhat less than 10 per cent of all full-length women's hose produced.

The hose of the near future according to present plans, call for a mixture of nylon, rayon, and cotton, with silk used in combination with other fibers until the small supplies are exhausted. Wide acceptance has been given to nylon hose because of its elasticity and durability. Rayon, formerly used chiefly in seamless hose retailing for about 20 cents a pair, will become an important fiber in full fashioned production. High tenacity rayon yarns are said to be satisfactory stocking material, although not as elastic as silk and nylon.

Present allocation of 80 per cent of nylon capacity to hosiery manufacturers is sufficient to provide about 10,000,000 dozen pairs of all-nylon hose a year, and capacity will be doubled by early next Spring. Nylon supplies this year will care for about 18 per cent of the annual output of all women's full-length hose. Manufacturers are working to obtain about 22,000,000 additional pounds of rayon filament yarn this year aside from the 19,000,000 pounds ordinarily used—about 16 per cent of last year's filament yarn



RELATIVE IMPORTANCE OF YARNS USED IN PRODUCTION OF WOMEN'S FULL-LENGTH HOSE—*National Association of Hosiery Manufacturers—By June 1941 nylon stockings had cornered 16 per cent of total hosiery output, reducing silk's share from 80 to 70 per cent.*

production. NAHM estimates that this would make up roughly half of the deficiency left by the withdrawal of silk supplies. Rayon makers, tightly booked ahead and working at capacity, were ordered by the Government to set aside 10 per cent of stock and production for two months to alleviate the silk shortage.

Color and Sex	Population 14 Years or Over	Total Labor Force		Employment Status of Labor Force					
				Employed		Emergency Work		Seeking Work	
		Number	% of Pop.	Number	%	Number	%	Number	%
U. S. Total	100,972,196	52,840,762	52.3	45,350,430	85.8	2,380,062	4.5	5,110,270	9.7
White	91,312,407	47,203,715	51.7	40,650,945	86.1	2,059,628	4.4	4,493,142	9.5
Non-white	9,659,789	5,637,047	58.4	4,699,485	83.4	320,434	5.7	617,128	10.9
Male	50,614,304	39,994,197	79.0	34,201,490	85.5	1,947,975	4.9	3,844,732	9.6
White	45,876,539	36,206,758	78.9	31,082,848	85.8	1,686,238	4.7	3,437,672	9.5
Non-white	4,737,765	3,787,439	79.9	3,118,642	82.3	261,737	6.9	407,060	10.7
Female	50,357,892	12,846,565	25.5	11,148,940	86.8	432,087	3.4	1,265,538	9.9
White	45,435,868	10,996,957	24.2	9,568,097	87.0	373,390	3.4	1,055,470	9.6
Non-white	4,922,024	1,849,608	37.6	1,580,843	85.5	58,697	3.2	210,068	11.4

Employment

THE UNITED STATES labor force totalled 53,000,000 persons and 86 per cent of them were employed when the U. S. Census Bureau made a nation-wide survey of the employment status of the nation in March 1940. Another 5 per cent of the working force was engaged in public emergency work, leaving 5,100,000 or 10 per cent seeking employment.

A much larger proportion of men than women were gainful workers. 79 per cent of the men were in the labor force as compared with 26 per cent of the women, although for non-white women the percentage rose to 38. Unemployment was proportionately greater among non-whites than whites.

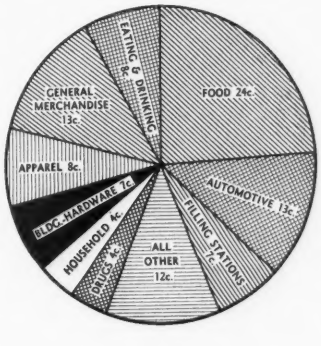
Since March 1940 the industrial boom and enlargement of the armed forces has rapidly absorbed workers, increasing employment 17 per cent since then, according to the National Industrial Conference Board.

Although no estimate of employment and unemployment can be completely exact—unemployment totals may be distorted by inclusion of unemployables and other factors—the Census Survey is the most ambitious and latest official count. Figures presented here are based upon a sample of the returns. The census count of public emergency workers is almost a million below official agency records.

Where the Retail Dollar Is Spent

MORE THAN half the money clinking into retail cash registers buys food, beverages, automobiles, and automotive needs. In 1939 these stores took in roughly $22,000,000 of the $42,000,000 spent in all retail establishments, according to the U. S. Bureau of the Census.

Food stores eat up a larger share of our retail dollar than any other line—24 cents in 1939. General merchandise and automobile stores vie for second place with 13 cents each.



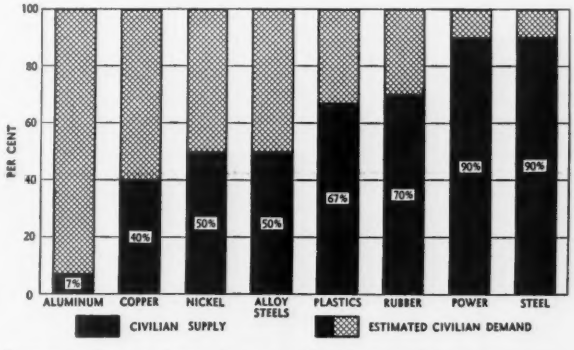
RETAIL SALES OF VARIOUS TYPES OF BUSINESSES—*1939 —U. S. Bureau of the Census —Food stores take one-fourth of every retail dollar, automobile and auto service stores one-fifth.*

Although total retail sales were 13 per cent less than the $48,000,000 peak in 1929, sales of filling stations and eating and drinking places in 1939 were the highest on record, reflecting prohibition repeal and the sharp rise in liquor sales, and the steady expansion in automobile travel and ownership. Merchants in these lines also cornered a larger share of the retail dollar than a decade past.

Dollar volume boomed to new highs in 1939 in the District of Columbia and eleven States located chiefly in the South Atlantic and Mountain regions, where population increases have been substantial. Largest sales volume continued to be concentrated in populous areas such as California, the Middle Atlantic and East North Central regions.

Shortages

STEADILY EXPANDING volume of defense production which now accounts for about one-fifth of our national output is forcing shortages and curtailment in civilian operations. Mr. Robert E. McConnell of OPM estimates that after Army and Navy defense requirements are fulfilled this year, the remaining supply will not satisfy civilian demand in at least seventeen important commodities, chiefly metals.



REMAINING SUPPLY, AFTER ARMY AND NAVY DEFENSE REQUIREMENTS ARE FILLED, AS A PERCENTAGE OF ESTIMATED CIVILIAN DEMAND—*1941—Office of Production Management—Severest curtailment will come in aluminum. Plastics, substitute for metals, is also in short supply.*

The situation is most severe in aluminum, where factories making civilian articles have already been forced to shut down. Cork will be available in only one-tenth the quantity normally used, while only half the demand for copper, nickel, and alloy steels can be filled, and two-thirds of the zinc and tin requirements. There will however, be enough lead.

With plastics heralded as a substitute for many critical metals, demand has increased sharply and the supply of these synthetic materials can fill only two-thirds of the expanded requirements.

SIGNIFICANT BUSINESS INDICATORS

COMPILED BY THE STATISTICAL STAFF OF "DUN'S REVIEW"

More detailed figures appear in "DUN'S STATISTICAL REVIEW"

Building Permit Values—215 Cities

Geographical Divisions:	June 1941	June 1940	Per Cent Change	May 1941	Per Cent Change
New England	$8,568,628	$8,091,210	+ 5.9	$9,330,958	— 8.2
Middle Atlantic	29,038,949	28,835,624	+ 0.7	26,852,669	+ 8.1
South Atlantic	16,419,500	17,204,301	— 4.6	16,465,221	— 0.3
East Central	32,195,752	22,241,285	+ 44.8	38,216,569	— 15.8
South Central	13,549,857	11,866,597	+ 14.2	15,424,821	— 12.2
West Central	7,906,184	6,797,311	+ 16.3	8,208,798	— 3.7
Mountain	3,503,843	3,202,983	+ 9.4	3,395,331	+ 3.2
Pacific	24,636,373	16,788,779	+ 46.7	25,082,659	— 1.8
Total U. S.	$135,819,086	$115,028,090	+ 18.1	$142,977,026	— 5.0
New York City	$15,896,700	$18,832,321	— 15.6	$12,670,360	+ 25.5
Outside N. Y. C.	$119,922,386	$96,195,769	+ 24.7	$130,306,666	— 8.0

Bank Clearings—23 U. S. Cities

(Millions of dollars)

	Monthly			Daily Average		
	1941	1940	1939	1941	1940	1939
January	26,155	24,140	23,383	1,005.9	928.5	935.3
February	22,687	20,641	19,885	1,031.2	897.4	903.8
March	27,609	23,681	25,192	1,061.9	910.8	933.0
April	27,105	23,587	21,931	1,042.5	907.2	879.2
May	27,602	24,361	22,374	1,061.6	936.9	860.5
June	28,094	21,838	23,212	1,123.7	873.5	892.8
July	.....	22,939	21,576	....	882.3	863.1
August	.....	21,046	22,782	....	779.5	843.8
September	.....	21,083	24,015	....	878.5	960.6
October	.....	25,289	22,469	....	972.7	898.8
November	.....	25,224	22,807	....	1,096.7	991.6
December	.....	27,862	26,827	....	1,114.5	1,073.1
Total	.....	281,691	276,503	....	931.5	919.6

Bank Clearings for Individual Cities

(Thousands of dollars)

	June 1941	June 1940	Per Cent Change	May 1941
Boston	1,195,461	918,736	+ 30.1	1,171,434
Philadelphia	2,163,000	1,674,000	+ 29.2	2,237,000
Buffalo	194,957	149,689	+ 30.2	193,615
Pittsburgh	782,665	563,441	+ 38.9	730,338
Cleveland	636,419	468,132	+ 35.9	641,322
Cincinnati	338,561	263,727	+ 28.4	334,583
Baltimore	500,562	338,658	+ 47.8	424,697
Richmond	217,501	174,613	+ 24.6	209,545
Atlanta	346,634	258,000	+ 34.4	372,500
New Orleans	215,997	159,509	+ 35.4	227,723
Chicago	1,719,657	1,366,726	+ 25.8	1,679,055
Detroit	765,435	472,461	+ 62.0	747,841
St. Louis	536,303	396,888	+ 35.1	515,242
Louisville	215,142	155,538	+ 38.3	218,495
Minneapolis	373,736	310,408	+ 20.4	380,093
Kansas City	497,821	388,305	+ 28.2	515,786
Omaha	154,626	122,984	+ 25.7	158,006
Dallas	288,747	226,286	+ 27.6	301,183
Houston	255,882	197,714	+ 29.4	263,760
San Francisco	771,674	570,388	+ 35.3	710,323
Portland, Ore.	204,775	155,078	+ 32.0	199,318
Seattle	235,194	172,473	+ 36.4	234,272
Total 22 Cities	12,610,749	9,503,754	+ 32.7	12,466,131
New York	15,482,889	12,334,217	+ 25.5	15,135,513
Total 23 Cities	28,093,638	21,837,971	+ 28.6	27,601,644

Dun & Bradstreet Wholesale Food Price Index

The index represents the sum total of the wholesale price per pound of 31 commodities in general use.

1941		1940		1939	
Aug. 19..	$3.21	Aug. 20..	$2.23	Aug. 22..	$2.14
Aug. 12..	3.21	Aug. 13..	2.24	Aug. 15..	2.13
Aug. 5..	3.19	Aug. 6..	2.23	Aug. 8..	2.15
July 29..	3.16	July 30..	2.22	Aug. 1..	2.17
July 22..	3.16	July 23..	2.23	July 25..	2.14
July 15..	3.09	July 16..	2.23	July 18..	2.14
July 8..	3.09	July 9..	2.24	July 11..	2.16
July 1..	3.06	July 2..	2.24	July 4..	2.17

	High		Low	
1941..	$3.21	Aug. 12	$2.50	Jan. 7
1940..	$2.49	Dec. 10	$2.18	June 18
1939..	$2.46	Sept. 19	$2.13	Aug. 15

Dun & Bradstreet Daily Wholesale Price Index 30 Basic Commodities

(1930-1932 = 100)

	1941			
	Aug.	July	June	May
1	141.18	138.93	†	129.95
2	*	138.90	135.12	130.07
3	†	138.91	135.21	131.01
4	142.82	*	135.35	† ....
5	142.80	*	134.96	131.06
6	143.11	†	135.97	131.89
7	143.31	139.70	*	132.58
8	142.85	140.51	†	132.31
9	*	140.37	137.09	133.00
10	†	140.06	137.13	133.26
11	142.06	140.03	137.33	† ....
12	141.36	*	137.19	133.03
13	142.04	†	137.37	133.98
14	141.85	140.23	*	135.43
15	141.85	140.23	†	135.11
16	*	140.17	136.96	135.08
17	†	139.63	137.15	135.11
18	141.99	139.78	137.54	† ....
19	142.46	*	137.84	135.39
20	143.22	†	138.19	135.56
21	143.17	140.16	*	135.83
22	.....	140.83	†	135.09
23	.....	140.80	139.63	135.08
24	.....	141.44	139.43	135.14
25	.....	142.02	139.21	† ....
26	.....	*	139.83	135.26
27	.....	†	140.52	135.00
28	.....	142.00	*	135.29
29	.....	141.65	†	134.68
30	.....	141.14	138.71	* ....
31	.....	140.74		* ....

† Sunday. * Markets closed.

	High		Low	
1941..	143.31	Aug. 7	123.03	Feb. 17
1940..	124.84	Dec. 31	112.42	Aug. 19
1939..	124.19	Dec. 18	101.40	July 24

INDUSTRIAL AND COMMERCIAL FAILURES

	Number of Failures			Current Liabilities (Thousands of dollars)			Total Liabilities (Thousands of dollars)			Dun's Insolvency Index† Unadjusted			Dun's Insolvency Index† Adjusted‡		
	1941	1940	1939	1941	1940	1939	1941	1940	1939	1941	1940	1939	1941	1940	1939
Jan.	1,124	1,237	1,567	11,888	15,279	20,790	12,535	15,805	24,860	62.2	67.1	86.0	51.8	54.6	69.9
Feb.	1,129	1,042	1,202	13,483	13,472	13,582	14,323	13,600	13,589	71.3	66.7	78.0	62.0	58.0	67.8
Mar.	1,211	1,197	1,322	13,444	11,681	19,002	14,754	12,130	19,315	62.5	62.6	72.6	61.3	61.4	71.9
Apr.	1,149	1,291	1,331	13,827	16,247	18,579	15,068	17,114	21,837	61.5	70.1	73.1	58.6	67.4	71.0
May	1,119	1,238	1,334	10,065	13,068	15,897	10,215	13,437	20,734	59.9	66.9	70.5	58.7	65.6	69.8
June	970	1,114	1,119	9,449	13,734	12,581	10,183	25,101	12,737	53.9	62.5	66.5	55.0	64.4	69.3
July	....	1,175	1,153	....	16,213	14,999	....	17,756	23,634	...	63.0	63.0	...	70.8	70.8
Aug.	....	1,128	1,126	....	12,997	12,637	....	13,223	13,092	...	60.6	61.4	...	71.3	72.2
Sept.	....	976	1,043	....	11,397	10,545	....	15,473	11,729	...	54.3	59.0	...	64.6	70.2
Oct.	....	1,111	1,234	....	12,715	17,464	....	14,236	18,119	...	61.7	67.0	...	67.1	72.8
Nov.	....	1,024	1,184	....	16,572	13,201	....	17,987	14,874	...	61.9	72.6	...	59.5	69.8
Dec.	....	1,086	1,153	....	13,309	13,243	....	14,480	14,934	...	58.0	65.0	...	57.4	64.3
Total	....	13,619	14,768	....	166,684	182,520	....	190,342	209,454	...	63.0	69.6	...	...	...

† Apparent annual failures per 10,000 enterprises. ‡ For seasonal variation.

ANALYZING *the* RECORD *of* INDUSTRIAL *and* COMMERCIAL FAILURES

JUNE FAILURES DECLINE MORE THAN SEASONALLY

THE usual Summer decline in the number of business failures was well under way in June, with the monthly total of 970 cases 13 per cent under the 1,119 in May. Current liabilities were again extremely low, dropping from last month's low of $10,065,000 to $9,449,000. A year ago failures numbered 1,114 with current debts of $13,734,000. Few failures with any funded debt occurred in June, so that total liabilities amounted to only $10,183,000, compared with $10,215,000 last month, and $25,101,000 last June.

The prevailing tendency among failures in recent months has been one of decreasing numbers among substantial concerns, while, except for seasonal influences, the very small underfinanced units are passing out of the picture at about the usual rate. Thus the number of failures has not dropped so low, in relation to the past record, as have liabilities.

A BUSINESS FAILURE, as defined for this record, occurs when a commercial or industrial enterprise is involved in a court proceeding or a voluntary action which is likely to end in loss to creditors. Failures in this sense are but a small part of total discontinuances from business.

The June slump was translated by the insolvency index into a substantial decrease in the failure rate from 59.9 in every 10,000 concerns in business in May to 53.9 in June. This drop of 6 points exceeded the normal June decline to an appreciable extent, and the index when adjusted for seasonal variation fell 3.7 points, from 58.7 in May to 55.0 in June.

Except for a hesitation in May the index on an adjusted basis has declined monthly since February. It has not yet returned to the low level of January, immediately preceding a February rise, but approximated the level of the previous low in January 1940. It was 14 per cent below its level a year ago when, unadjusted, it stood at 62.5 and, adjusted, at 64.4.

Failures declined in all main industry groups in June. The more-than-normal drop was due principally to the rapidly decreasing number of failures among retailers and in construction lines. The drop in manufacturing failures from 181 to 166, while considerable, was only seasonally normal. Wholesale trade failures resisted the Summer downward pull and showed but a negligible drop from May.

There was nothing outstanding in the manufacturing record. Some improvement took place in foods, textile, and leather goods. Several lines showed little change, and an increase, though very moderate, appeared in printing, chemicals, iron and steel products, and

machinery. Small manufacturing failures were nearly as numerous as in May, but substantial failures, with debts between $25,000 and $100,000, were off considerably. Large manufacturing failures, on the other hand, rose from 3 last month to 7, with the result that manufacturing liabilities increased. Comparison with last year will be discussed later on a six months' basis.

In retail trade, declines ranged from 25 to 38 per cent in general merchandise, furniture, and drug stores, among restaurants, and also in clothing lines where failures in women's ready-to-wear shops were again way below normal, after increases last month. There was one large retail failure, as in May, but substantial sized failures were reduced from 26 to 12, or by 54 per cent, and those with debts between $5,000 and $25,000, by 23 per cent; while very small retail failures were off but 10 per cent.

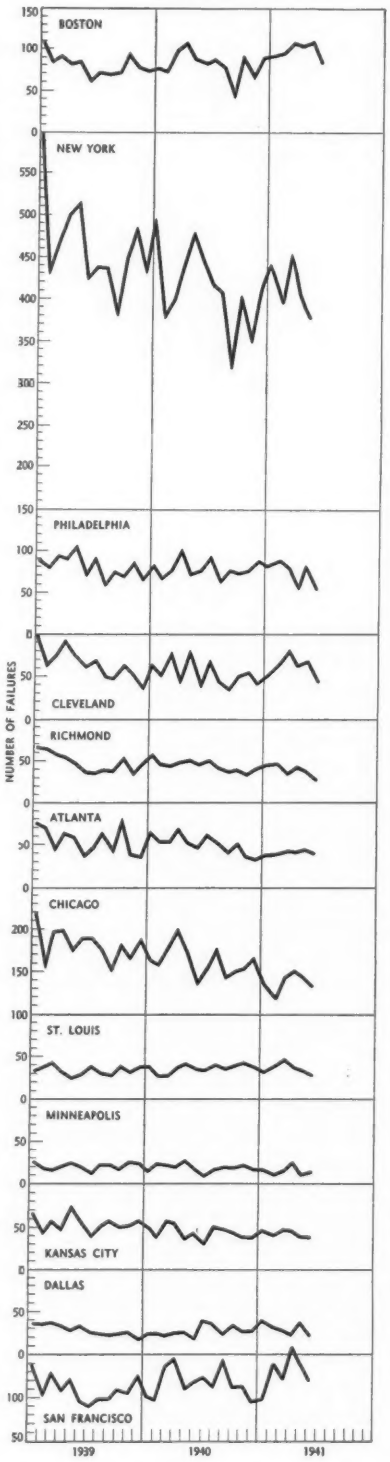
Industry Group	June 1941	June 1940	Per Cent Change
Manufacturing	166	207	—20
Wholesale Trade ..	98	113	—13
Retail Trade	619	685	—10
Construction	51	61	—16
Commercial Service	36	48	—25
Total	970	1,114	—13

Among wholesalers, two large concerns were out in June compared with none last month, and there was an increase from 7 to 9 in failures with debts between $25,000 and $100,000.

Size Group Liabilities	June 1941	June 1940	Per Cent Change
Under $5,000	589	536	+10
$5,000–$25,000 ...	321	457	—30
$25,000–$100,000 .	49	100	—51
$100,000 and over .	11	21	—48
Total	970	1,114	—13

The geographical trend of June failures was unusual. Sharp reductions well in excess of normal occurred in most sections of the country. In the New York Federal Reserve District, however, which accounts for over a third of total failures, the decline was only 3 per cent. This slight decline, together with only a normal decrease in the Chicago district and little or no change in the Minneapolis and Kansas City districts held total failures from sinking even lower in June. In the New York district manufacturing and commercial service failures failed to show any appreciable drop, wholesale and construction failures increased, and the drop in retail trade failures was less than in most other sections.

Failures in Federal Reserve Districts



While the New York district decline was only 3 per cent, New York City failures were down 11 per cent. There was an occasional increase here and there among the large cities, but city failures as a whole dropped more rapidly than did those in the balance of the country.

Six Months' Failures

With both production and distribution affected by the stimulus of defense activities, the failure record becomes increasingly interesting and valuable. It is not always possible to detect a definite failure trend in any individual line of business in the month-to-month figures, but a comparison of total failures in the first six months of this year with those of the similar period a year ago, should disclose those business areas in which improvement has taken hold.

There are always two opposing influences at work in a period of defense preparations. One is the beneficial influence of increasing business which acts upon reliable production units and, through improved purchasing power, upon retail units. The other is an opposite tendency which operates toward the closing of small business units, either in hand trades or other lines, because of the drafting into service of the proprietors. Not all of these discontinuances are failures, but a tendency has been noted toward stepping out from under an embarrassing financial load through bankruptcy, or compromise, so that the slate will be clean upon later return to business.

In looking at the failure record as a whole one cannot point to the certain effect of either one of these forces, but it may be borne in mind that they are present.

Total failures during the first six months of this year were only 6 per cent under those in the similar period of

1940. The degree of improvement in manufacturing was, however, noteworthy. There the decrease was 18 per cent, in comparison with 11 to 13 per cent in construction, commercial service, and wholesaling. Retail trade failures, on the other hand, have not shown anything like an equal decline. In fact they were down to only 1 per cent. The rate of decrease among failures of all types, however, became increasingly rapid in the second quarter of this year, and second quarter retail failures fell 5 per cent below those in the second quarter of 1940.

Industry Group	Second Quarter 1941	Second Quarter 1940	First Six Months 1941	First Six Months 1940	Per Cent Change
Manufacturing	538	698	1,069	1,296	—18
Wholesale Trade....	306	347	610	684	—11
Retail Trade.....	2,099	2,223	4,389	4,419	— 1
Construction	184	209	356	407	—13
Commercial Service .	111	166	278	313	—11
Total	3,238	3,643	6,702	7,119	— 6
Size of Liabilities					
Under $5,000.....	1,930	1,816	3,835	3,526	+ 9
$5,000–$25,000	1,092	1,450	2,347	2,881	—19
$25,000–$100,000 ...	187	312	435	605	—28
$100,000 and over...	29	65	85	107	—21
Total	3,238	3,643	6,702	7,119	— 6

In manufacturing, failures have fallen in almost every important line. Striking decreases of 40 per cent or more have occurred in about nine lines. Among these, represented about equally, are two types of concern: one primarily a producer of consumer goods, but now turning gradually to the filling of war needs; the other is a producer of industrial goods for the most part and is now operating at ever-increasing plant capacity.

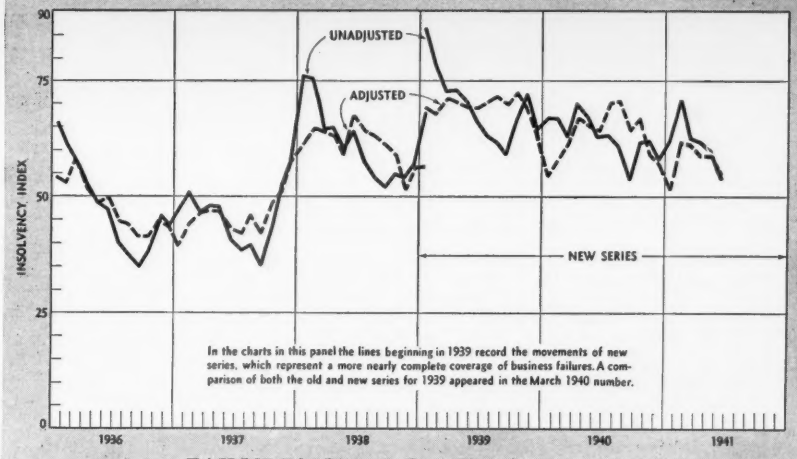
	Jan.-June 1941	Jan.-June 1940	Per Cent Change
Consumer Goods			
Textile mills.....	22	47	—53
Men's clothing.....	27	45	—40
Lumber	21	38	—45
Paper and products...	10	21	—52
Shoes	12	38	—68
Industrial Goods			
Chemicals	15	26	—42
Iron and steel products	31	52	—40
Iron and steel works..	0	9	..

Machinery failures, while down only 6 per cent from the 1940 period were off 43 per cent from the 1939 six months' total.

Other important consumer goods lines which showed decreases from 26 to 14 per cent were foods, women's wear, and furniture.

Although only a slight decline in the number of failures was apparent in retail trade as a whole, certain lines of

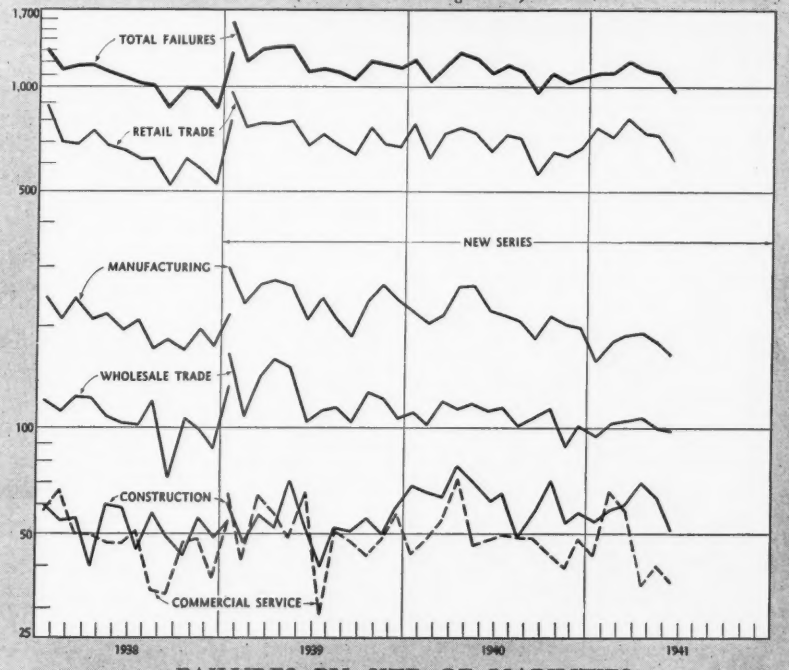
MONTHLY TREND OF THE INSOLVENCY INDEX



In the charts in this panel the lines beginning in 1939 record the movements of new series, which represent a more nearly complete coverage of business failures. A comparison of both the old and new series for 1939 appeared in the March 1940 number.

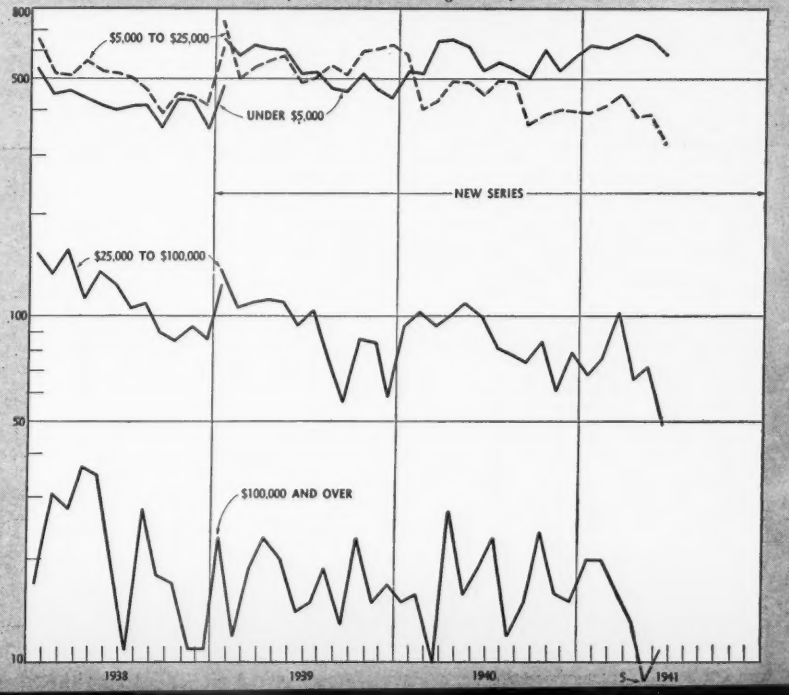
FAILURES BY INDUSTRIAL GROUPS

(The Vertical Scale is logarithmic)



FAILURES BY SIZE OF LIABILITIES

(The Vertical Scale is logarithmic)



retailing have experienced a very definite improvement; principally clothing stores, with men's wear off 20 per cent, women's wear and accessory shops 26 per cent, and shoe stores 41 per cent. Next in line were general merchandise stores, down 17 per cent. The building and home furnishing lines have not fared so well, with additional failures reported, putting this year above last year's half-year record. In the second quarter, however, there was some evidence that these types of business were also beginning to feel the effects of more liberal spending. Ninety-one automobile dealers went out with loss to creditors between January and June of this year, compared with 64 in the same period last year. Automobile accessory dealers, on the other hand, were in a much improved state. The big restaurant and drug store lines showed little change.

Federal Reserve Districts	Jan.-June 1941	Jan.-June 1940	Per Cent Change
Atlanta	253	350	—28
Minneapolis	92	121	—24
Richmond	233	294	—21
Chicago	824	1,019	—19
Kansas City	255	286	—11
New York	2,470	2,634	— 6
Philadelphia	440	469	— 6
Cleveland	368	363	+ 1
St. Louis	220	209	+ 5
San Francisco	774	719	+ 8
Boston	591	522	+13
Dallas	182	133	+37
Total	6,702	7,119	— 6

Geographically, the Southern sections of the country covered by the Atlanta and Richmond Federal Reserve Districts, are among those in which failures have receded most rapidly, followed by the Middle Western districts of Minneapolis, Chicago, and Kansas City. The New York and Philadelphia districts shared alike in a 6 per cent drop. To date 1941 failures have been more numerous than those of a year ago in the five remaining districts of Cleveland, St. Louis, San Francisco, Dallas, and Boston. In all of these latter regions except Cleveland manufacturing failures were down, but increased retail trade failures held the total up. Dallas and San Francisco experienced wholesale increases as well.

Failures by Divisions of Industry—June 1941 and 1940

(Current liabilities in thousands of dollars)

	Number			Liabilities		
	June 1941	May 1941	June 1940	June 1941	May 1941	June 1940
Total United States	970	1,119	1,114	9,449	10,065	13,734
Mining and Manufacturing (total)	166	181	207	3,155	2,727	4,953
*Mining—Coal, Oil, Miscellaneous	4	6	7	157	104	444
Food and Kindred Products	25	36	29	451	807	1,002
Textile Mill Products and Apparel	48	52	57	1,030	712	1,026
Lumber and Lumber Products	22	22	30	201	215	548
Paper, Printing and Publishing	19	14	20	251	168	226
Chemicals and Allied Products	8	4	7	82	19	40
Leather and Leather Products	6	10	9	188	110	251
Stone, Clay, and Glass Products	4	6	3	16	95	82
Iron and Steel, and Products	5	3	8	88	93	132
Machinery	7	5	11	113	119	288
Transportation Equipment	3	3	3	328	175	140
Miscellaneous	15	20	23	250	160	774
Wholesale Trade (total)	98	100	113	1,618	963	1,383
Food and Farm Products	35	34	46	491	205	556
Apparel	6	8	6	32	86	241
Dry Goods	..	3	2	..	17	6
Lumber, Building Materials, Hardware	8	8	6	528	146	57
Chemicals and Drugs	7	6	7	55	64	48
Motor Vehicles and Automotive Equip	9	4	2	65	27	53
Miscellaneous	33	37	44	447	418	422
Retail Trade (total)	619	735	685	3,591	4,765	5,314
Food and Liquor	219	227	216	1,014	924	978
General Merchandise	28	45	38	159	262	240
Apparel and Accessories	78	121	118	368	783	1,088
Furniture, Home Furnishings	32	45	46	290	593	555
Lumber, Building Materials, Hardware	41	46	30	235	391	364
Automotive Group	57	49	51	384	435	429
Eating and Drinking Places	79	111	103	656	760	794
Drug Stores	35	47	46	233	304	394
Miscellaneous	50	44	37	252	313	472
Construction (total)	51	63	61	684	913	984
General Building Contractors	13	18	8	388	363	94
Building Sub-contractors	34	37	50	209	313	437
Other Contractors	4	8	3	87	237	454
Commercial Service (total)	36	40	48	401	647	1,100
Passenger and Freight Trans.—Highway	5	7	17	81	406	298
Miscellaneous Public Services	1	..	1	5	..	15
Hotels	1	..	2	55	..	22
Cleaning, Dyeing, Repairing	6	7	8	78	73	84
Laundries	5	4	4	79	27	132
Undertakers	4	4	..	59	30	..
Other Personal Services	3	8	6	8	58	29
Business and Repair Services	11	10	10	36	53	520

* Subtract this item to obtain manufacturing total.

Canadian Failures

Canadian failures dropped from 84 in May to 72 in June, but did not reach the previous 1941 low established in April with 67 failures. The presence of a large failure in the June record caused liabilities to rise to $682,000 from $546,000 in May. A year ago failures numbered 91 with liabilities of $720,000.

Second-quarter failures were 19 per cent under those of the first quarter. The entire decline occurred in the two Provinces of Quebec and Ontario. Increased numbers of failures were reported in the Western sections.

For each purpose – ONLY ONE SERVES BEST

The racing car doesn't travel the highways—nor does the standard pleasure car compete on the race track. Each is best qualified for its own particular job because it is designed specifically for that job.

Arabol's 55 years' experience has proved that any adhesives operation is best performed by a product designed specifically for that operation. Today there are *8,500 adhesives formulae in the Arabol files—900* of them in active, daily use—each designed for a particular job.

Typical of Arabol specialization is SPHINXITE (SGR #7) WIDE RANGE GUM—perfected by Arabol's technicians specifically to overcome difficulties encountered in can labeling by machines which require hot pickup gums. This year-round gum easily handles wet and greasy cans ranging from 35° to 190° F. A tough problem, solved by an Arabol specialized product.

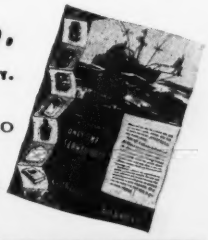
The technically-trained Arabol Representative who calls on you is well qualified to help you find the one best answer to each of your adhesives requirements. He can help you solve many of your problems right in your plant —in one day. At all times he can call on any of three Arabol Laboratories for quick action on new or special needs. See the Arabol Representative when he calls.

WRITE us for Bulletin No. 39. Let us tell you of current developments in gums, glues and pastes for your particular line of business.

THE ARABOL MFG. CO.
PIONEERING SINCE 1885
Executive Offices: **110 East 42nd St., New York, N. Y.**

Offices and Factories:
BROOKLYN · CHICAGO · SAN FRANCISCO
Branches & Warehouses in Principal Cities

Write us for Bulletin No. 39 →



And—for Your Offices—

You'll find sound values in the pastes, glues and mucilages made by a firm with 55 years' experience in supplying the adhesives requirements of a hundred industries. Write us for the name of the nearest Arabol distributor.

Adhesives? . . . ARABOL!

"INTER-OFFICE conversations never hinder nor delay a customer from reaching any of our executives. Inside conversations are carried on by Dictograph. They don't go through the office-switchboard and never compete with customers for an open wire."

DICTOGRAPH

EXECUTIVE INTERIOR TELEPHONE SYSTEMS

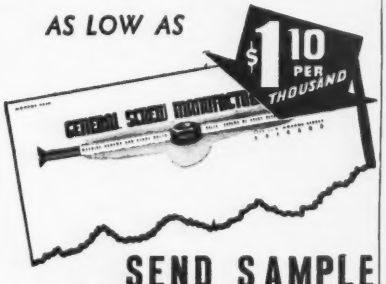
help serve customers better for 10,000 American offices and factories — and **"Speed up Speed"** by saving thousands of hours a day on internal calls. Let us demonstrate on your own desk.

DICTOGRAPH SALES CORP.
580 Fifth Avenue Dept. 519
New York City

20,523 PRESIDENTS AND MORE THAN 30,000 OTHER EXECUTIVES: DUN'S REVIEW

LITHOGRAPHED LETTERHEADS

AS LOW AS



SEND SAMPLE

OF YOUR LETTERHEAD AND LET US SUBMIT A MODERNIZED DESIGN FREE

★ **Through mass production on the biggest and latest equipment, we offer fine quality work at prices that surprise our new customers and continue to hold our old ones. Not only on letterheads, but on circulars, folders and forms as well!**

★ **Whether or not you want your present letterhead re-designed, send us a line and say: "I'd like to see your folder of famous letterheads". With it we'll send our all-time-low price quotations on quality work. And, of course, you won't be obligated to buy.**

UNIVERSAL LITHOGRAPHING CO.
Dept. 78, 4307 Diversey Avenue, Chicago, Ill.

HERE AND THERE IN BUSINESS

WHAT'S NEW AS OBSERVED BY THE AGENCY'S REPORTERS

Sunday's Rest—In Jacksonville, Fla., milkmen for one of the three largest dairies in the city have educated their customers to take in a two days' supply Saturday. Sunday mornings the milkman sleeps.

The experiment started about a year ago. So successful has it proved that two more of the city's largest dairies recently adopted it.

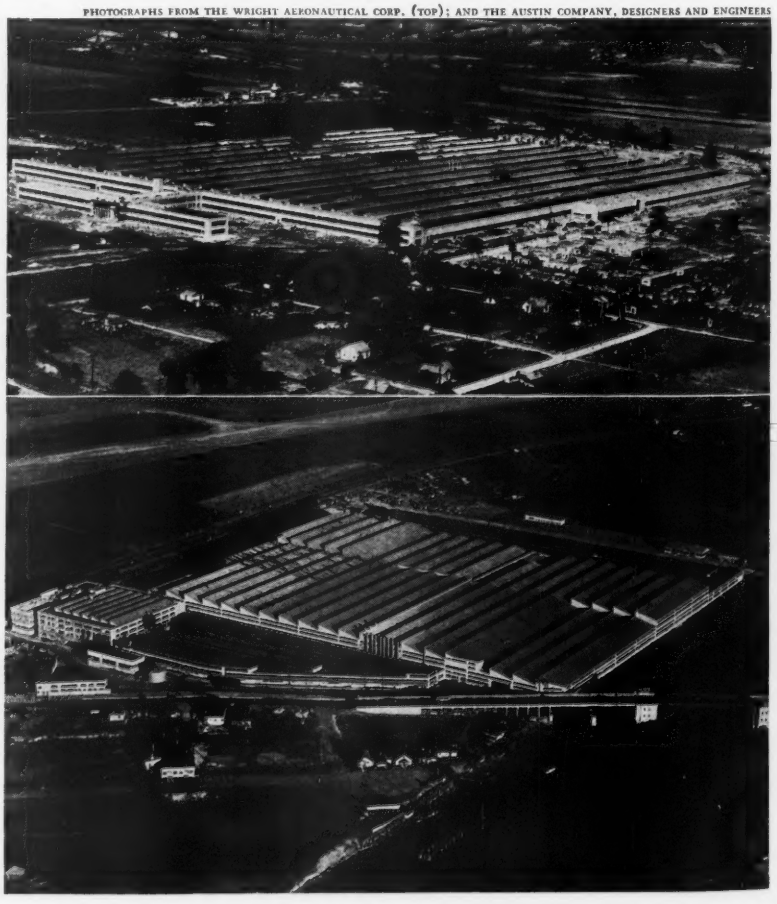
Foremost Dairies, Inc., initiated the plan, one route at a time, street by street. Letters signed by the manager explained it to each customer. After convincing the people on 20 retail routes, the company began applying its six-day schedule to 21 wholesale routes. Considerable backing for the delivery-less Sundays was obtained from the Jacksonville Ministerial Alliance.

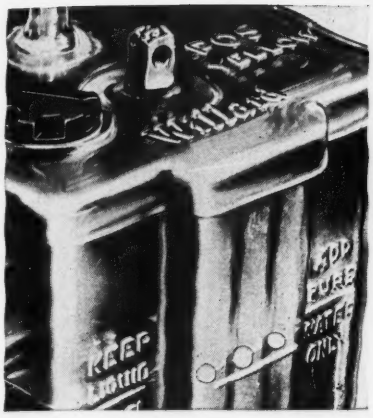
To fill Sunday phone orders for customers who entertain unexpected company, Foremost has a special delivery service. When Sunday company is expected and the Saturday morning order is to be increased, customers are provided with a special order flag to notify the milkman.

Variable—To vary the speed of inexpensive, light machines which lack a transmission device, there's a variable speed motor pulley and base which does the job by opening or closing the groove in the pulley. Sides of the wheel separate or draw close according to the

PLANE PLANTS—*Two of America's most modern airplane plants were completed in June: the 50-acre factory of Wright Aeronautical Corporation, Cincinnati, Ohio, (top) considered the largest single-story industrial plant in the world; and the enlargement of Boeing Aircraft Company's Seattle plant by about 1,600,000 square feet to 42 acres.*

PHOTOGRAPHS FROM THE WRIGHT AERONAUTICAL CORP. (TOP); AND THE AUSTIN COMPANY, DESIGNERS AND ENGINEERS





THREE BALLS *in the transparent plastic case of a Willard Storage Battery indicate when recharging is needed. The battery is used in General Electric pocket radios and recharges from an AC light socket.*

amount of tension exerted by the V-belt which runs over them.

As the belt presses tighter, the pulley is forced open and has the effect of a smaller drive wheel. The pulley halves are pressed together by springs held in a cylinder resembling a long hub cap. Tension of the V-belt is maintained by use of a special, movable base on which the motor is clamped. To tighten pressure on the pulley, this base allows the motor to be moved a distance away from the machine being driven. Ideal Commutator Dresser Company, Sycamore, Ill., makes it.

Women Workers—Due to the labor shortage, some British munitions firms have employed women, including housewives, on a part-time basis. How this was done in a factory in a non-industrial area is reported:

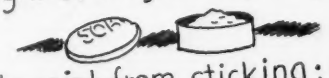
The firm engaged local women to fill two short shifts, one from 8 A.M. to 12:30 P.M. and one from 12:30 P.M. to 5:30 P.M. It assigned the women permanently to one shift. Hourly wage rates, piece work, and efficiency bonuses were the same for part-time and for full-time workers.

When this part-time work was first tried, the entire plan was carefully explained to full-time employees, and their co-operation obtained. It was found that the half-day shifts removed the necessity for a luncheon interval.

Photomurals—A relatively new art is that of the photographic designer or photomuralist. It consists of applying photographic enlargements to a surface for some decorative purpose. The sur-

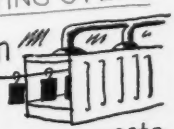
Leaves from a Fire Fighter's Notebook

WATCH PAINT SPRAY BOOTHS and don't let paint or lacquer "build up" on inside of units. Residue is highly flammable and often will burn despite all extinguishers can do. Did you ever apply light coating of soap or grease?



Prevents paint from sticking; cleans easily; cuts fire hazard.

DON'T SPEED UP PAINT DRYING OVENS beyond fan capacity. When you step up temperatures you increase flammable vapors; create explosive fire hazard. If you need more drying, put in more ovens or fans-but don't risk dangerous temperatures.



The above fire fighting facts have been prepared with the assistance of the National Fire Protection Association.

QUICK and brutal in killing fires, LUX carbon dioxide extinguishers are harmless to materials and equipment. LUX gas is one of the fastest of all known extinguishing agents. Yet it leaves no mess or moisture, does not corrode or harm equipment, does not even contaminate a tank of liquid material into which LUX gas has been introduced. LUX has no bad habits, yet it's a lightning-quick fire killer.

LUX SNUFFS OUT FIRE

SEND COUPON

Walter Kidde & Company, Inc.

843 West Street, Bloomfield, N. J.

We have reprinted a series of these tips on fire protection. Send the coupon and we will send complete series—file-bound.

NAME.....

COMPANY.....

ADDRESS.....

help IN SELECTING
YOUR NEW ADVERTISING AGENCY

To select the right agency for the unusual times ahead, you must interview a group of those most likely able to serve you. Here are 6 reasons why we belong in that group:

1. We offer the advantages of a small agency with a large-agency-trained staff. 2. Our principals have directed their own commercial businesses. 3. We spend more time in the field than most agencies. 4. Testing is a fundamental with us—for greater advertising results. 5. We know how to use advertising to do many jobs (other than move merchandise). 6. We serve a diversified group of national accounts—from class to industrial, from package goods to service.

Further facts in our new 5-minute folder, "Business Men Handle My Advertising." Write for your copy.

J. M. HICKERSON Inc.
Advertising Agency Service
110 East 42nd St., N. Y. • MUrray Hill 3-7426

The OFFICE VALET

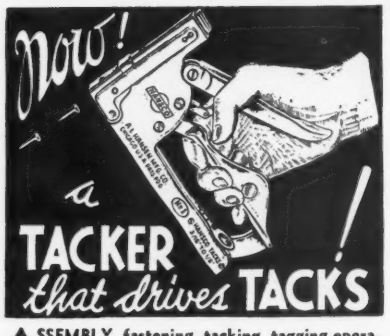
Ends Wardrobe and Locker Room Problems—SANITARY . . . SPACE SAVING . . . ATTRACTIVE

Bring checkroom efficiency into your office . . . save locker room floor space; end locker room evils. A modern attractive steel Office Valet provides complete accommodations (hats, coats, overshoes, umbrellas) for 6 or 12 people. Occupies no more space than an ordinary costumer.

"3-U" Valet Racks, in wall or 2-sided types, accommodate 3 or 6 persons per running foot. Fit in anywhere; any length. Walnut, Brown, Olive Green or Maroon. Keeps wraps aired and "in press."

Write for Free Catalog
Showing complete line of modern steel office and home wardrobe equipment and name of local dealer.

VOGEL-PETERSON CO., Inc.
1819 N. Wolcott Ave., Chicago, U. S. A.



ASSEMBLY, fastening, tacking, tagging operations—in plant or shipping room—are speeded up and costs cut with Model T-1 HANSCO *tack* Tacker. Drives Hansen T-head Tacks, 3/16-inch to 1/2-inch lengths.

First of its kind to drive tacks, this unique device drives fast as you grip into hardest woods, thru thin metal or tin. Replaces ordinary tacks, brads and glue. Executives—plant superintendents—investigate!

ASK for FOLDER

A.L. HANSEN MFG. CO. 5019 RAVENSWOOD AVE. CHICAGO, ILL.

face may be a wall, a lampshade, a screen, a panel, or the seat and back of an upholstered chair. Just as metal is sensitized and printed photographically in airplane factories, practically any other surface, when it has a photographic emulsion, can take a design from a negative.

Any type of picture will serve as a motif for photomurals. The subjects, whether old prints or modern scenes, suggest ideas, atmosphere, emotion. A mural may be used as a motif or theme to tie together the design of a room, just as color does. The Austin Company, Cleveland, Ohio, has used photomurals in blackout plants to give an impression of the outdoors as seen through a window.

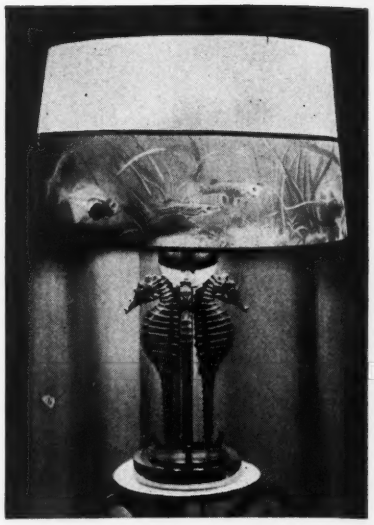
Photomurals are sold by the square foot. They are printed on white or buff paper which can be toned to produce black and white, sepia, or other colored prints.

Mounting a photomural, according to New York photographic designer Evelyn A. Pitshke, is an art in itself. Prints come a trace smaller than wanted and stretch when wet. The bromide surface has a strong drawing power which, when it dries, will warp a poorly mounted mural. The Pitshke screens and panels, therefore, are backed by Upson Board, Homosote or tempered Masonite.

The photomural is about twelve years old and exclusively American—even those on the British *S.S. Queen Mary* were Yankee-made.

Ips or Psi—Published last March was the new American Standard, *Abbreviations for Scientific and Engineering Terms*. "Abbreviations," says the Standard, "should be used sparingly in text, with due regard to the context and to the training of the average reader."

For both singular and plural words the same abbreviation; you bbl for a barrel or five barrels. Except when the omission would result in confusion, periods after abbreviations are omitted. In 35 F you no longer bump your eye on the temperature sign (°) nor stumble over the period after F. From now on it's per, not /; lb not #; and in., not ″. So now you can see with a psi that pressure is on an engineer to maintain an abs atm of scientific erudition; every sq cm of elec narration is worth its wt in abbr. Oh h! (henry).



FISH—*Through use of a photographic printing technique, the aquarium scene was applied to a Lumarith lampshade by photographic designer Evelyn A. Pitshke.*

Drivometer—Some bus drivers know that smooth operation keeps them up to schedule better than rough driving. In the first situation, passengers start for the door before the vehicle stops, thus decreasing the non-running time as they get off.

The driver, however, may not realize his stops and starts are jolting the strap hangers.

An instrument which checks on sudden starts and stops, counts them, and by its click warns the driver is the Drivometer, invented by a Greyhound bus driver and made by the Electric Service Supplies Company, Philadelphia. Sealed and bolted to a bus floor next to the driver's chair, the Drivometer contains two small, non-metallic balls on opposing inclined planes.

When the bus stops hard, one little ball rolls to the top of its track and turns a small numbering machine. When the bus starts sharply, the other ball rolls up and clicks the counter.

Documents—When The National Archives of the United States wanted to preserve Government documents, lamination with acetate sheeting was tried. This was the first application of the process in the documentary field. Although seven or eight companies do it in large runs, only three organizations, The National Archives, Pyraglass, Inc., Newburgh, N. Y., and W. W. Barrow, Virginia State Archives, Richmond, laminate documents.

In the usual lamination process, the sheeting and document are pressed between polished metal plates, sometimes with heat and pressure, other times with pressure alone, or with a synthetic resin or cellulose adhesive. The cellulose acetate is forced into the pores of the paper.

Documents laminated with the transparent sheeting show a high degree of transparency, can be washed clean, and resist the passage of deteriorative gases. Tests of various sheetings and of laminated papers supplied by The Archives and six commercial operators are reported in a Bureau of Standards publication, *Protection of Documents with Cellulose Acetate Sheeting*.

The Bureau found that lamination does not distort signatures on documents. Tests made for resistance to heat, pressure, moisture, strong light, tearing, folding, thickness, copper content, and tendency to stick together (when heated in an oven), proved both the plain sheetings and those containing adhesives were sufficiently stable for use with permanent records. Lamination with plain sheeting was found generally to display the best stability.

Laminated—Lamination of paper and textiles in large runs differs in machinery and allowance for some spoilage from the process used for protecting valuable documents. Many early technical difficulties of the method have been solved. Materials of any thickness can be given a smooth glossy coating. Those which before the processing present a smooth, hard surface give the best results.

Among the most widely distributed single examples of laminated work are the small, 25-cent "Pocket Books," sold by newsdealers. Last year more than 5,000,000 copies of these had been printed, their covers laminated with Celluloid's Lumarith Protectoid. The laminating was done by Laminoid, Inc., North Bergen, N. J. Among the titles was *The Holy Bible*, 75,000 copies of which were sold shortly.

Defense production is said to be influencing demand for lamination of many articles. According to the 36-year old Arvey Corporation, Chicago, Ill., some users of heavy plastics for brush backs, advertising pieces, typewriter keys, and boxes are trying laminated cardboard and paper.

FACTS ARE OUR SCARCEST RAW MATERIALS

Take away the machinery of management — records — and you sweep right off the board our entire Defense Program. We can't go ahead *without* records, and we can go ahead a lot faster if we gain *greater control* over recorded *facts*—the scarcest of all raw materials, according to a prominent American business man.

Facts let us *time* management, machinery, men and materials to the end that we may produce the maximum quantities in the minimum minutes.

In no business are facts *unobtainable*—but, in many cases, they are *unavailable* in the moments they are most needed or, when they would be most valuable. To proceed *without* facts is to invite disaster. Remington Rand Inc., Buffalo, New York.

★ **Kardex Visible Systems of Business Control are serving in every defense industry and in all branches of government. They speed production, cut costs. They create control, eliminate guessing. Kardex is available in many types — one will give you the controls you need for greater production.**

MODERN KARDEX

KARDEX KOLECT-A-MATIC

FLOOR MODEL KARDEX

KARDEX *visible systems of* BUSINESS CONTROL

REMINGTON RAND INC.

Remington Rand Inc.
Dept. DR-841
Buffalo, New York

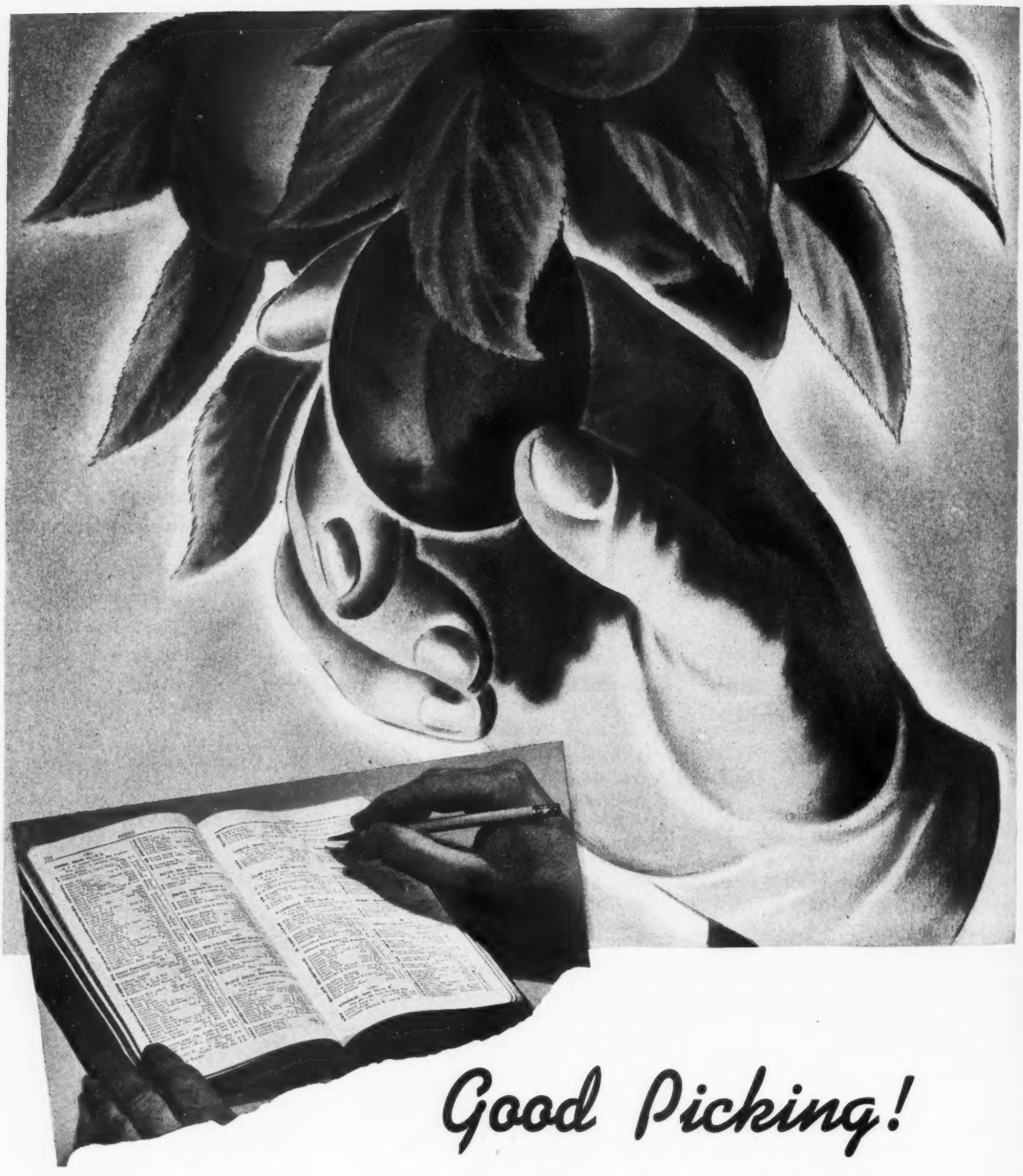
Please send full details on Kardex Production Control.

Name .....

Company .....

Address .....

City & State .....



Good Picking!

Every listing in the current State Pocket Edition tells a sales story; line of business, purchasing strength, wholesale or retail classification, and location of branches.

Sales effort bears the best fruit when it is carefully cultivated on basic sales information.

The salesman who carries the new Summer 1941 State Pocket Edition gets the plums of his territory because he knows who the best prospects are, and the best way to reach them for an order.

There is a State edition available covering every sales territory in the United States. Consult with the nearest office of Dun & Bradstreet for specific information on your salesman's needs.

DUN & BRADSTREET, INC.

1841 - The Mercantile Agency - 1941

OVER THE EDITOR'S DESK

ALVIN DODD (page 5) is not unknown to the REVIEW's readers; it is probable that among them are many who take part in some one of the many activities of the American Management Association, while others will remember his previous articles.

His remarks this month are from his annual report as AMA president. In that report there is much more that is of interest. The discussion of what's happening in management becomes more specific, tells of the problems in the field of each AMA division—such as personnel, office management, production, marketing, and so on. Then, too, there is an exciting story—with charts—of why and how AMA is growing as it is. Copies may be obtained by writing Mr. Dodd at the Association offices, 330 West 42nd Street, New York, N. Y.

IN 1936 Dr. Jules Backman (page 9) wrote a book called *Adventures in Price Fixing*. He wrote *Government Price Fixing* in 1938, has made studies of prices for the National Industrial Conference Board, Inc., and for the National Retail Dry Goods Association.

Dr. Backman's present activities, besides a series of price control studies, include lecturing at New York University's School of Commerce.

DUN'S REVIEW

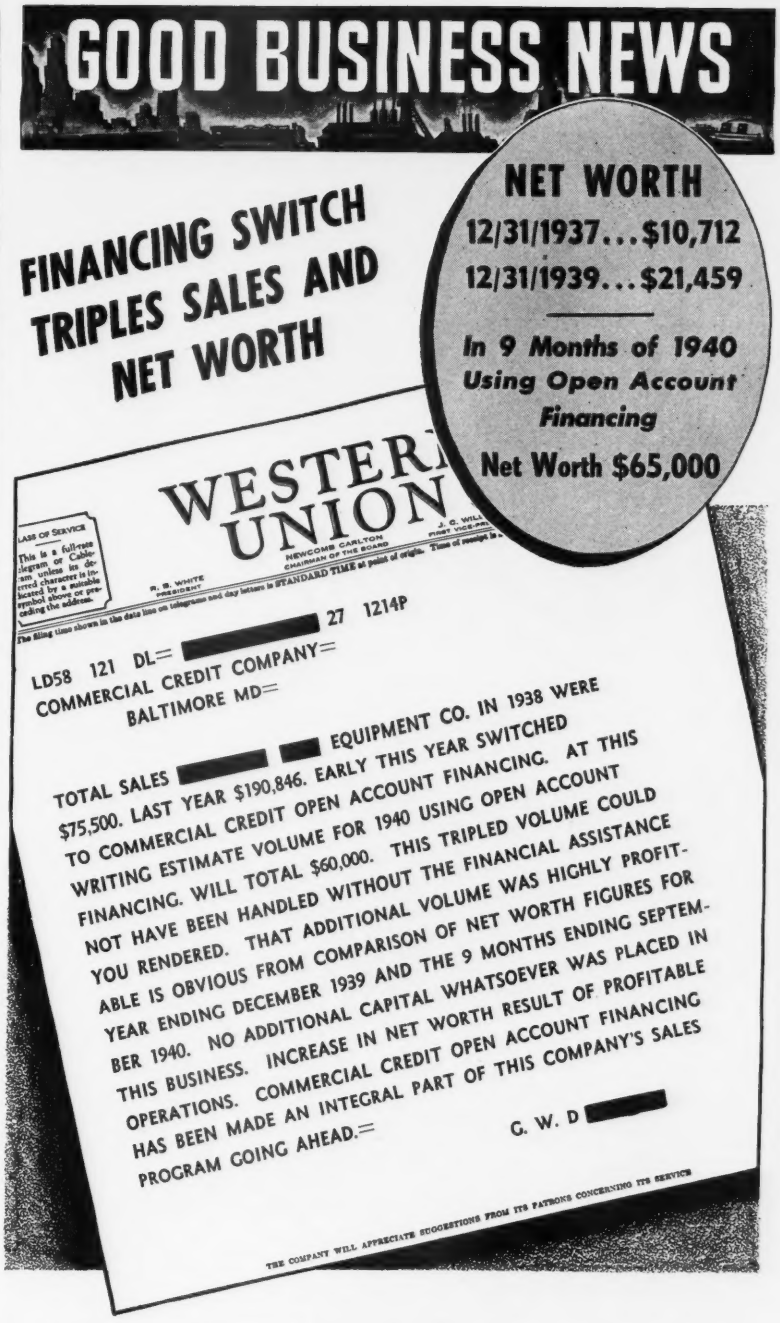
290 BROADWAY NEW YORK, N. Y.

SUBSCRIPTION: $4 a year; $10 for three years; 35 cents a copy. Outside U. S. $5 a year.

Willard L. Thorp, *Editor;* Norman C. Firth, *Managing Editor and Business Manager;* Edwin B. George, Walter Mitchell, Jr., A. M. Sullivan, *Associate Editors;* J. A. D'Andrea, *Statistician;* Clarence Switzer, *Art Director;* H. C. Daych, *Advertising Manager.*

DUN'S REVIEW goes to each company using the services of DUN & BRADSTREET, INC. Service subscribers may obtain additional subscriptions to the magazine for executives, branches, and so on, at special rates. . . . Published monthly. August, 1941, Vol. 49, No. 2160. . . . The contents of this magazine are indexed in its December issue and in the Industrial Arts Index. . . . Member C.C.A. . . .

Copyright 1941, DUN & BRADSTREET, INC.


GOOD BUSINESS NEWS
FINANCING SWITCH TRIPLES SALES AND NET WORTH
NET WORTH
12/31/1937...$10,712
12/31/1939...$21,459
In 9 Months of 1940 Using Open Account Financing
Net Worth $65,000
WESTERN UNION
LD58 121 DL= [redacted] 27 1214P
COMMERCIAL CREDIT COMPANY=
BALTIMORE MD=
TOTAL SALES [redacted] EQUIPMENT CO. IN 1938 WERE $75,500. LAST YEAR $190,846. EARLY THIS YEAR SWITCHED TO COMMERCIAL CREDIT OPEN ACCOUNT FINANCING. AT THIS WRITING ESTIMATE VOLUME FOR 1940 USING OPEN ACCOUNT FINANCING. WILL TOTAL $60,000. THIS TRIPLED VOLUME COULD NOT HAVE BEEN HANDLED WITHOUT THE FINANCIAL ASSISTANCE YOU RENDERED. THAT ADDITIONAL VOLUME WAS HIGHLY PROFITABLE IS OBVIOUS FROM COMPARISON OF NET WORTH FIGURES FOR YEAR ENDING DECEMBER 1939 AND THE 9 MONTHS ENDING SEPTEMBER 1940. NO ADDITIONAL CAPITAL WHATSOEVER WAS PLACED IN THIS BUSINESS. INCREASE IN NET WORTH RESULT OF PROFITABLE OPERATIONS. COMMERCIAL CREDIT OPEN ACCOUNT FINANCING HAS BEEN MADE AN INTEGRAL PART OF THIS COMPANY'S SALES PROGRAM GOING AHEAD.=
G. W. D [redacted]
THE COMPANY WILL APPRECIATE SUGGESTIONS FROM ITS PATRONS CONCERNING ITS SERVICE

You too can multiply the working power of your capital with this type of *continuous* financing. It will enable you to free funds now tied up in inventory and receivables, to save discounts on purchases, to improve credit, to finance increased sales without increasing capital investment. Our service will also assist you in the purchase of needed machinery. For further information, write for copies of "CAPITAL AT WORK" and "COMPARATIVE COSTS OF FINANCING." Address Dept. DR.

COMMERCIAL CREDIT COMPANY

"Non-Notification" Open Account Financing

BALTIMORE

BOSTON NEW YORK CHICAGO SAN FRANCISCO LOS ANGELES PORTLAND, ORE.

CAPITAL AND SURPLUS MORE THAN $60,000,000

No Further Gain from Delay . . .

PHOTOGRAPH FROM GENDREAU

IN normal times business men face uncertainties which make successful forecasting one of the measures of good business management. The immediate future has additional uncertainties created by the slowness in the determination of certain public policies. The delay in Congressional action on such vital matters as price control and taxation will make it increasingly difficult to make proper adjustments to the emergency. To the extent that delay will lead to a greater application of wisdom to these problems, one can hardly object. But there comes a time when some definite decision is better than any possible gain from further delay. Government action is our only hope to avoid a price rising spiral. Once started, it is virtually impossible to check inflation. Action cannot be taken quickly enough.

Willard L. Thorp.

EDITOR

SCOTT STAMP